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NEWS SUMMARY

GENERAL

Richard seeks to break deadlock

Mr. Ivor Richard, chairman of the Rhodesian conference in Geneva, is meeting Mr. Anthony Crosland, Foreign Secretary, in London to-day. He may also see Mr. James Callaghan, Prime Minister.

Mr. Richard's visit is seen as an apparent effort to end the three-week deadlock at Geneva over the issue of a date for independence for Rhodesia as Zimbabwe.

It is felt, writes Bridget Bloom, that unless Mr. Richard can return to Geneva with a formula for breaking the deadlock, the conference has no hope of reaching a conclusion by Britain's deadline of December 20 and might founder. Back Page

Murray hits out at racialism

Mr. Len Murray, TUC general secretary, speaking at a mass rally organised by the TUC and the Labour Party in Trafalgar Square yesterday, attacked the "disease" of racialism in industry and society and appealed to trade unionists to fight such attitudes vigorously. He also gave his support to black workers in South Africa. Page 9

Spanish police swoop on Left

Spanish police said yesterday that they had arrested more than 100 extreme Left-wingers who had attended a meeting in the Basque province of Guipuzcoa. In Madrid about 100,000 extreme Right-wingers paid homage to Gen. Franco on the first anniversary of his death. Page 4 Feature, Page 14

Perez arrives

President Perez of Venezuela arrived in London yesterday for a four-day visit. After breakfast this morning with Mr. Anthony Wedgwood Benn, Energy Minister, he is to begin a round of talks with industrialists during which he will discuss steel and transport projects. He is also to meet Mr. Gordon Richardson, Governor of the Bank of England.

Beagles freed

A group calling itself the Animal Liberation Front claimed yesterday that it had "liberated" 12 beagle puppies from a Welsh breeding establishment at Capel Isaac, Dyfed, because they were allegedly going to be used in connection with cosmetics experiments. The kennels have been described as the biggest dog breeding station in Europe, providing about 4,000 beagles a year.

Bonn re-aligns

After the Bavarian Christian Social Union's week-end decision to break away from the Christian Democratic Union and become a national Party of the Right, West Germany is likely to go over to a four-party political system. Page 4

Peking alert

Thousands of people were sleeping in Peking street dugouts after warnings that the city might be affected by an earthquake predicted for Tangshan, which was devasted in July. Page 4

Briefly . . .

Tennis: Jimmy Connors beat Roscoe Tanner 3—6, 7—6, 6—4 to win the Benson and Hedges Championships at Wembley. Page 2

Father Martin D'Arcy, former head of the English Jesuits, has died in London. He was 87.

Mr. Leonid Brezhnev, Soviet Party leader, begins a two-day visit to Romania to-day. Page 4

Post Office drive aimed at increasing public understanding of its services is to feature Tommy Steele, the entertainer. Page 26

Gold sword presented to Gen. Lafayette for his services in the American Revolutionary War fetched £55,799 at a New York auction.

BUSINESS

Consumer confidence falls to new low

● **PEOPLE** are feeling worse off than at any time since the Financial Times survey of consumer confidence started in 1970. This month's figures show that confidence in the future has reached a new low and the pressures of price inflation are being felt especially by manual workers. Back Page

● **BRITISH LEYLAND** car output is likely to be hit progressively this week by a dispute at Rubery Owen, a major component supplier, which has already caused a stoppage in Range Rover production. Back Page

● **SHIPBUILDING** unions have acknowledged the almost certain failure of any attempt to coerce British shipowners into ordering vessels from British yards and are backing wide-ranging proposals for financial support to the builders, which they believe would encourage owners to buy British. Back Page

● **BAKERS WILL** warn the Department of Prices this week that if trade discounts on bread become too large the basic price will have to be increased Page 6. Maximum retail price of butter increases by 5p a pound to-day, and cheese goes up by 6p.

New York debt problem back

● **MAYOR ABRAHAM BEAME** of New York City, is meeting the U.S. Treasury Assistant Secretary for talks to-day after a court decision overthrowing a moratorium declared last year on $1.6 bn. of the city's short-term debt principal. Back Page

● **IRAN** is expected to sign a $100m. deal to-day to buy a 40 per cent. stake in two Brazilian subsidiaries of the West German Krupp group. The purchase will be made in the name of Machine Sazi Arak, a State-owned subsidiary. Page 5

● **SINGAPORE** becomes one of the largest ship-repairing centres in the world with the opening of a Mitsubishi Heavy Industries' joint venture which will add 400,000 d.w.t. to the island's existing 1.3m. d.w.t. drydocking capacity. Page 5

● **BRAZIL** increases the minimum export coffee price to-day to $224.40 ($198) a 132-lb bag and raises the export levy to $50 ($40.30) in an attempt to slow sales.

● **DR. JOHANNES WITTEVEEN**, IMF managing director, said in Washington that industrialised countries should be cautious in deciding whether their economies needed additional stimulation. It was important not to confuse a short pause in recovery with underlying weakness.

Kuwait bans Barclays Bank

● **KUWAIT** has banned dealings with the Barclays Bank group in line with the recommendation of the Arab Boycott of Israel Office. Barclays is not represented in Kuwait.

● **AIR FRANCE** has invited the British Aircraft Corporation to submit a proposal to replace its ageing fleet of 33 Caravelles with the 99-seat version of the BAC One-Eleven aircraft. Page 5

● **BRITISH** drive to break into the Brazilian offshore oil exploration industry gains momentum to-day, with 27 companies taking part in an equipment exhibition which coincides with a three-day seminar attended by Lord Kearton, BNOC head, and Brazilian authorities.

LABOUR

● **MR. JACK JONES**, general secretary of the TGWU, called on the Government to press ahead with measures to help to improve the wages of low paid workers. Page 9

● **NATIONAL UNION** of Mineworkers' leaders meet the NCB to-day for talks on the union's claim for early retirement by next year. Page 9

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Syria renews UN peace mandate on Golan Heights

BY OUR FOREIGN STAFF

Syria has agreed to renew the mandate of the United Nations forces on the Golan Heights in preparation for a major peace initiative in the Middle East early next year.

The announcement that the mandate would be renewed for six months — "to give international efforts the chance to establish a just and durable peace in the region"—came as Syrian troops of the Arab peace-keeping force brought nearly all of Lebanon under their control.

Syria's decision to renew the mandate follows an offer by President Sadat of Egypt to open peace negotiations with Israel—an offer which Mr. Yitzhak Rabin's Government has so far treated with caution—and an apparent decision by the mainstream Palestine Liberation Organisation to suspend raids across the Lebanese border into Israel.

Last night, Government officials in Tel-Aviv were quoted as saying that Israel welcomed Syria's declaration of readiness for peace, but Israel was not ready to make one-sided concessions.

Mr. Rabin's Government has come under heavy criticism at home for not responding more positively to Mr. Sadat's offer earlier this month.

Israeli leaders are now under growing pressure to enter into new peace talks with the Arabs.

The statement accompanying Syria's announcement to renew the UN mandate was significantly mellow in tone. In an apparent call to Mr. Jimmy Carter, the incoming U.S. President, it said that the renewal of the mandate was an opportunity which "should not be lost." Syria had the backing of other Arab States in taking the decision.

The Syrian-dominated Arab peace-keeping force's virtual take-over of Lebanon was complete last night.

Troops, bolstered by armoured reinforcements brought in from Syria over the week-end, swept into the coastal cities of Tripoli and Sidon.

The only area now outside effective Syrian control is the sensitive southern border region with Israel.

'Red line'

One Israeli report last night said that some Syrian soldiers had penetrated within a few miles of the border and Mr. Shimon Peres, Israel's Defence Minister, said that the presence of Syrian troops in southern Lebanon was likely to increase tension in the area.

Syrian forces are clearly well south of the Litani River, which only a few months ago was described in Israel as the "red line" beyond which a Syrian presence would not be tolerated.

Israeli officials are at pains to stress that this line is not a purely geographical concept, but one of intention, quantity of troops and location which is constantly changing.

Nevertheless, Israel is faced with an entirely new strategic situation in which Syrian troops effectively control an area stretching from Israel's border with Lebanon to the Golan Heights.

There are now reported to be close to 30,000 Syrian troops in Lebanon. They are equipped with hundreds of tanks and heavy artillery.

Their position in Lebanon was given the backing of the main Arab States at the recent mini-summit in Riyadh, Saudi Arabia.

It was also at Riyadh, observers now believe, that the leaders of Egypt, Syria, Saudi Arabia and the Palestine Liberation Organisation decided to mount a new peace initiative in the Middle East.

● *Reuter reports from Tripoli:* Syria's Soviet-built T-54 tanks reached the centre of Tripoli accompanied by a clamourous escort of hooting cars.

Left-wing militia men fired their machine guns in the air for joy and wounded about a dozen people. At least four were seriously injured.

By the afternoon, The Syrian Army controlled 100 miles of the coastal highway from the Syrian border in the north to beyond Sidon, 25 miles south of Beirut.

Money supply rose 1.2% before squeeze

BY MICHAEL BLANDEN

THE FURTHER jump in money supply last month is confirmed by figures published to-day, providing the explanation for the squeeze on the banks announced last week.

Money supply on the wider definition (M3) on which attention is concentrated, showed an increase of 1.2 per cent. in the period to mid-October, though there was a fall on the narrower measure (M1).

The jump in M3 was less than the excessive rates of growth recorded in earlier months. But it remained too high in relation to the target, and came as a disappointment to the authorities after the efforts earlier to cut the rate of expansion.

Lending boost

With heavy sales of gilt-edged stocks in the month reducing the impact of the public-sector borrowing requirement, there had been hopes earlier that money supply would at least have been stabilised.

To-day's figures make it clear that the main boost this time came from bank lending to the private sector. The latest official moves, reintroducing the "corset" controls over the banks, will impose a strict squeeze on bank lending which is likely to leave little room for any further increase over the next six months.

The figures also underline how little leeway is left to the authorities if the 12 per cent. target is to be met this year.

This is assumed to be necessary to satisfy the International Monetary Fund's requirements for granting the $3.9bn. stand-by credit to the U.K., and it was made clear last week that the IMF team in London had given its approval to the new measures.

It is not clear over exactly what period the current financial year is to be measured in relation to the mid-month make-up days of the banking figures.

But over the six months from mid-April the M3 measure has already increased by 8¼ per cent.; and taking the latest seven months from March, the increase is closer to 10 per cent.

There is again hope that the figures will already have shown a substantial improvement in the latest banking month for November, which ended last Wednesday.

The official measures earlier include the jump in minimum lending rate to 15 per cent., reduced to 14¾ per cent. on Friday, and substantial calls of special deposits from the banks.

The campaign to sell gilt-edged stocks has been successful, with over £1½bn. sold in the October period and further substantial sales since.

The figures have been somewhat artificially inflated by the effect of the fall in sterling. As much as a third of the rise in M3 in October reflected adjustment of the sterling value of U.K. residents' foreign currency deposits as a result.

The rise in private-sector borrowing may have partly reflected finance for leads and lags over the exchange market. With the recent improvement in

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Five oil platform yards may cut 2,500 jobs

BY OUR GLASGOW CORRESPONDENT

ABOUT 2,500 redundancies are threatened by the end of this year at five Scottish platform and module construction yards as the industry, which has had no orders for more than two years, continues to shrink.

It seems unlikely that the Government's more optimistic forecasts of between four and five platforms being ordered next year and early 1978—will result in work which can avert the lay-offs.

Among the yards in trouble is the McAlpine-Sea Tank venture at Ardyne Point on the Clyde, where a workforce of 3,000 a year ago is down to 1,200, with a further 600 or more redundancies expected by Christmas.

Others are RDL (North Sea), planning 700 redundancies this year and closure in February, and Highlands Fabricators at Nigg, where 600 are to be paid off by the end of the year.

In addition, the Foster Wheeler module yard at Dunbarton has announced 230 redundancies, and the Burntisland Engineering and Fabrication yard in Fife is planning lay offs.

Orders on the horizon do not appear to offer any salvation. They comprise a Brazilian contract for a steel platform from the Ardersier Yard of J. Ray McDermott, and a concrete platform for the Shell-Esso Cormorant extension from the unused and new Portavadie Yard in Argyll.

The Government's efforts to attract orders to home yards seem directed largely towards finding work for their idle developments at Portavadie and Hunterston, to justify the £22m. construction cost for both sites.

Murdoch to pay £17m. plus for Post

By Stewart Fleming

NEW YORK, Nov. 21.

THE News International group is paying "between $30m and $40m." (£17.9m.-£23.8m.) for the New York Daily Post, which is expected to lose nearly $500,000 this year, Mr. Rupert Murdoch, chairman of News International, said in New York to-day.

Mr. Murdoch, who announced late on Friday his company's decision to buy New York's only evening newspaper, also said that he was ready to sign on The Observer deal.

"Our patience is not inexhaustible," he said. The Observer was a declining asset "and, as time passes, it becomes a more difficult task to turn it around and make it profitable."

The New York Post deal has caught the U.S. newspaper industry by surprise. Mr. Murdoch said that the newspaper's pre-tax loss would be the first for 20 years. The paper has been stretched financially, however, and earlier this year said it could not pay increases to some staff.

He was "buying potential" but one of the attractions was that the Post had no serious borrowings.

Mr. Murdoch said that the strategy of his News group was to spread its assets internationally. With the New York Post and "possibly" The Observer, however, "our plate is full."

Taking in the Post, the News group's sales would be approximately $250m. in the U.K., $300m. in Australia, and $100m. in the U.S.

Ethnic groups

The Post is the more "serious" of the two New York tabloids, with a circulation of about 500,000. This is considerably lower than that of its rival, the Daily News, (2m.), which is a morning publication and calls itself "New York's picture newspaper."

Mr. Murdoch said that he would take the Post "up market" and try to expand its appeal to ethnic groups.

Over the last 15 years the New York newspaper industry has contracted sharply. Four newspapers have folded, including the New York Herald Tribune.

Since the Post became an effective monopoly, there have been frequent rumours of a new evening newspaper.

One of the strongest threats came from Mr. John M. Shaheen, a financier who three years ago announced his intention of starting an evening daily called the New York Press.

Mr. Shaheen's key property, a Newfoundland oil refinery, was declared bankrupt this year, but he has continued to insist that he will start the newspaper.

The decline in the number of newspapers and the shrinking circulation of some of those still publishing is thought to reflect in part the financial problems of the city.

Government and Lords clash to-day

BY RICHARD EVANS, LOBBY EDITOR

THE LONG-HERALDED constitutional clash between the Government and the House of Lords will come to-day, when Conservative, Liberal and some cross-bench peers will insist once again on excluding ship-repair yards from the legislation nationalising the aircraft and shipbuilding industries.

Confirmation yesterday from Lord Carrington, Leader of the Tory peers, that the Conservative majority would not back down in the face of Government threats means that the Bill cannot reach the Statute Book in this session of Parliament, which ends to-day or to-morrow, depending on how long Ministers want the "ping-pong" procedure between the two Houses to continue.

Big gamble

If the Bill falls—and there was no sign yesterday of compromise by the Government on the exclusion of the 12 ship-repair companies—it will be reintroduced early next month under the terms of the Parliament Act 1911, which can override the delaying power of the Lords.

The earliest date the Bill could become law would be February, provided the Lords decided to climb down. If not, Tory peers could prevent the legislation from becoming law until summer or autumn.

The Cabinet's tactic of allowing the Bill to fall is a major gamble, as the coming session, which opens with the Queen's Speech on Wednesday, promises to be full of pitfalls because of the Government's vulnerability to further by-election losses and the already overcrowded timetable.

The Devolution Bill setting up directly-elected assemblies in Edinburgh and Cardiff will dominate the session by taking more than half the available Parliamentary days, and a re-run of the contentious shipbuilding nationalisation measures could force out other legislation to which the Government is committed.

Not feasible

Some Ministers were hinting yesterday that if Conservative peers continued to block the nationalisation measure their party should not complain if the promised legislation instituting direct elections to the European Parliament, a measure that has strong Tory backing, becomes a casualty in the next session.

The Bill will not be introduced until late in the session and Ministers have already made it clear that the proposed timetable of direct elections by summer 1978 may not be feasible.

A certain casualty is the Labour Party's commitment to a wealth tax.

Neither Mr. Jack Jones, general secretary of the Transport and General Workers' Union and a chief architect of the social contract, nor Mr. Norman Atkinson, Left-wing treasurer of the Labour Party, expressed surprise in BBC radio interviews yesterday at the likely omission of the wealth tax from the Queen's Speech.

Both accepted that because of administrative problems, lack of time and lack of a healthy Commons majority it was not feasible for the Government to fulfil the manifesto pledge yet.

The progress through Parliament of the devolution legislation, to be published in the next two weeks, is certain to bristle with problems for the Government's business managers.

The Bill is likely to get its Second Reading before Christmas, but probably only on the promise from Mr. Michael Foot of a referendum in Scotland before the Bill becomes law. This is the price the Government is prepared to pay for support from its own ranks for the devolution package.

Wrecking

In Parliamentary terms, the crunch will come during the line-by-line committee stage discussion of the 120-clause Bill next year, when anti-devolutionists will have constant opportunities for delay and wrecking tactics.

Other measures expected in the Queen's Speech will promote industrial democracy in the light of the Bullock Report; cut off dole for occupational pensioners with an income of more than £25 a week; reform the law on conspiracy and the Official Secrets Act.

● **John Wyles writes:** If the Bill is delayed this week, members of the organising committee of British Shipbuilders will have an early meeting with Mr. Varley to discuss their position.

Admiral Sir Anthony Griffin, the chairman, and Mr. Graham Day, chief executive, were appointed nearly a year ago on the assumption that the Bill would be law by now. Most of the other four full-time members of the organising committee have been in their jobs for at least four months.

Spending cuts may be above forecasts

By Peter Riddell, Economics Correspondent

A WIDER-RANGING package of economic measures with larger public spending cuts is being discussed in Whitehall than was being considered earlier this month.

The discussions result from the unexpectedly detailed and lengthy talks with the International Monetary Fund negotiating team, now in their third, and probably final, week.

The size of package being considered has apparently grown from the range of between £1bn. and £2bn. to £2bn. or more though it may come in two parts, next month and in the spring. In addition to the likely increases in VAT and excise duties, a larger cut in public spending is now being examined.

The issue is still not in any way settled and a series of alternatives are being looked at by officials with no decisions having been taken. But the dimensions of the Whitehall exercise are bigger.

Opposed

The tempo of the Cabinet discussions will now increase with a statement likely towards the middle of December—around a week later than suggested until only a few days ago.

This will be in parallel with the timetable for the international approval of the IMF loan, which will probably be made available in stages.

There are, however, known to be clear differences of opinion within Whitehall. Many Ministers, not solely on the left-wing, are strongly opposed to measures which will further increase unemployment at a time when it is already high (and possibly growing).

They are looking for a sympathetic response from other countries in view of the forecasts of a general slowdown in world economic growth next year, and may have particular hopes of the new U.S. administration.

The other view is that a sizeable cut in the public sector borrowing requirement is necessary to satisfy international concern about U.K. monetary policy, especially after the recent Treasury forecast showing a borrowing requirement on unchanged policies of £11bn. in 1977-78, £2bn. higher than projected in July.

One possible outcome which appears to be taken increasingly seriously in Whitehall is that a first package, to deal with the short-term financial position, could come next month, with

Continued on Back Page

LOMBARD

Raking over old chestnuts

BY ELEANOR GOODMAN

MR. ROY HATTERSLEY has got off to a depressingly familiar start as Secretary of Prices by selecting bread as the first area in which to show his muscle. His predecessor, Mrs. Shirley Williams, also got embroiled in the bread market shortly after taking office and, by doing so, *helped* create the mess that Mr. Hattersley is now trying to disentangle.

The sense of *déja vu* is compounded when Mr. Hattersley talks about doing something about the price of beer—another area which has far more importance in the minds of politicians than in *either the retail price* index or the average family budget.

But what is worrying is not so much that Mr. Hattersley is collecting old chestnuts but the way he has gone about achieving his aims and the apparent contradictions both between what he *himself has said on other* occasions and between what other Cabinet members—including the Prime Minister—have said about the need to encourage investment in the private sector.

Although in the long term his ideas for dealing with trade discounts on bread may be marginally more sensible than Mrs. Williams's arrangements, his decision effectively to freeze the retail price until January sets a precedent in prices policy. To accomplish his short-term aim of preventing a price rise he has, in effect, overridden the Price Commission's judgment that the bakers should be allowed a ½p increase. He has done this by using his existing power to set maximum retail prices and then left it to the buying powers of the retailers to ensure that the bakers do not put up their prices—the retailers are hardly going to be prepared to pay more for their bread if they themselves cannot raise the price.

While it is unlikely that the concept could be extended to many product categories, the message is that the Price Commission's word is no longer final and that the Minister will intervene when he thinks the legislation will allow it—a privilege *which until now has been* reserved for the Ministers in charge of the nationalised industries.

The blocking of the ½p rise will cost the bakers an estimated £2m. between now and Christmas and is seemingly at odds with the Prime Minister's speech last week at the Mansion *House*. And, *as in the* end the bakers will presumably have to recoup the £2m. with another price increase, it also seems to lie uneasily alongside Mr. Hattersley's own statement that he wants to be honest about his powers to reduce inflation and only intervene where he can really be effective.

Granted. Mr. Hattersley has a *difficult job to do. Nominally* in charge of prices, he has limited control over any of the key factors which affect prices. He says there is no fundamental contradiction between what he wants to do and what the rest of the Government wants to do because in the long term inflation will only be contained if the economy is in better shape. Even so he can hardly be happy to be presiding over the Department of Prices at a time when food subsidies are being run down along (in theory) with the deficits of the nationalised industries, and when an increase in VAT is on the cards.

In this situation, it is not surprising he is looking for "marginal" areas in which to take action. He may well feel that the Government needs to be seen to be doing something.

The other worrying aspect of Mr. Hattersley's actions last week are the implications *for* the future of price controls. He says he wants a more flexible and selective policy next July when the present code expires. This could involve some kind of surveillance system under which particular price increases were examined against an as yet undefined set of criteria. This may sound like an improvement for industry on the present more rigid system, but if the new legislation gave the Minister the power to intervene in special cases, it might prove even worse, particularly if Mr. Hattersley was still at the helm.

Mr. Hattersley genuinely seems to want to replace the present code in July. But, if by the time the real discussions begin, the TUC and other influential bodies have decided that they would rather have the devil they know than some other, untried, system, the Minister may yet end up having to tinker with the existing code again.

Parliamentary time is going to be at a premium in the next session and anybody looking for an excuse not to introduce new prices legislation might be able to blame it on the crowded timetable, though a short Bill to extend *existing powers will in any* case be necessary.

THE WEEK IN THE COURTS

Problems of porn prosecution

BY JUSTINIAN

THE PROSECUTION'S bandwagon against the purveyors of pornography will roll again as a result of the House of Lords' decision in *Director of Public Prosecutions v. Staniforth*. For some months now a number of cases up and down the country have been held up until it was known whether the defence in prosecutions under the *Obscene* Publications Act, 1959, were permitted to call expert witnesses to try to establish that, although their material was obscene, the publications were for the public good.

The Law Lords have now rejected *the admissability of evidence* seeking to show that the pornographic material is psychologically beneficial to persons with certain sexual tendencies, in that it relieves their sexual tensions and may divert them from anti-social attitudes. Up until now, obscenity trials have been punctuated by a wealth of experts—literary men, psychologists, psychiatrists and general medical practitioners—all trotting into the witness box and testifying to the "public good" that the pornographic material provides. Prosecutions, as a result, have failed at a consistently high rate, so that prosecutors had seriously begun to doubt the value of the legislation, and more still the desirability of conducting costly prosecutions with such little return for their efforts.

Halcyon

Now those halcyon days for defendants appear to be at an end: no more will the porn merchants be able to seek refuge in the professional expert. But there is a glimmer of hope yet that not all expert evidence will be ruled out, because Lord Wilberforce in his judgment does countenance a limited role for the expert on the more general issue of the obscenity of the material. The matter arises in the following way:

The test of obscenity before the 1959 Act had been whether the material tended to deprave and corrupt. The formula had been largely ignored by the courts, which had simply considered whether the publication *was obscene; the tendency to* deprave and corrupt was presumed. The 1959 Act changed all that—and many think for *the worse—from the point of* view of law enforcement. Instead of a presumed consequence of obscenity, a tendency to deprave and corrupt became the matter that prosecutors had to prove. One consequence of this change was that material *which merely shocked* or affronted people did not fall foul of the law. And no dobut that fact by itself led the courts to acquit, and ultimately prosecutors to bring to justice only those purveying hard core pornography. Only the *presentation of explicit sexual activity* of a perverse nature—and then usually only acts of bestiality—was likely to be censored by juries.

That was hardly in accord with the aims of Parliament in 1959, which had sought a compromise *between an outright* assault on pornography and the protection of literature. The defence of public good was extended beyond literature—it included, specifically, science, art or learning and added for good (or bad) measure "other objects of general concern." It was under those words that Mr. Staniforth sought to introduce "therapeutic evidence." His failure to be allowed to do so now means that attention will be focused on the phrase "deprave and corrupt."

Here the 1959 Act is singularly unhelpful; it gives no definition of the phrase, which has an arcane, not to say archaic ring to it. Is it criminal conduct, general or sexual, that is feared? (Articles treating sadistic and violent behaviour might be the object of the law.) Or is it merely departure from the moral code, sexual or otherwise? Or is the arousal of erotic desires, normal or abnormal, the object? Some at least of these alternative definitions might well involve deep questions of psychology or ethics. How are the *courts to deal with them?* Can they entertain expert evidence to deal with them?

At this point the judgment of Lord Wilberforce seems to countenance the continued role of the expert. In many cases the issue before the court is *relative obscenity—relative*, that is, to the likely recipients of the pornography. In each case the courts must determine who are the likely readers. When they have been ascertained, it is for the jury to say whether the tendency of the material is such as to corrupt *them*. And for this purpose in general no psychological, sociological, or medical experts can assist because they would be usurping the function of the jury. The jury cannot be told by anyone what the effect of the material on normal minds may be. The reason is that the jury has been given the task to decide, as the representative of the ordinary man: it follows that the jury must make the decision in relation to mattters affecting the ordinary man.

Children

But what of the case where *the likely readers or viewers of* pornography are a special class such that a jury cannot be expected to understand the likely impact of the material upon its members without some expert guidance? In such a case evidence from persons qualified by study or experience of that class may be admissible. In a case in 1968, which the Law Lords have approved, expert evidence was admitted as regards the likely impact of the material in question upon children.

The Staniforth case involved publication of pornographic material to normal readers; hence the defendant sought to introduce the psychological evidence of "therapeutic effect" under the public good defence. But what if the likely class of readers consisted of—or included a *significant* number of—sexual abnormals or deviants? It would seem that the psychologists have not been wholly driven from the witness box. And so the game goes on.

The 1959 Act, promoted in the wake of a liberalising attitude towards the publication of serious works, has misfired in its aim to damp down pornography which has no literary, scientific or artistic merit. Parliament will have to come to the rescue of the courts, which have been presented with a task *that* was perhaps always impossible to perform.

SPORT

RUGBY

Harlequins rou[t] failing Oxford

BY PETER ROBBINS

THIRTY YEARS ago to the day George Young, now finance officer at Twickenham, took 1,000 half-crowns at the gate when Oxford University came to play the Harlequins.

There were not even the 1,000 present on Saturday to see the 'Quins rout the immature varsity side 50-12. It was a game that, while giving moments of pleasure, lacked the bite of a real match.

Why is it that Cambridge again go to Twickenham ante-post favourites and have done so for the past decade? One reason is that Cambridge actively look for promising players and they have a good Welsh connection.

At a Press meeting last year I suggested to the Oxford committee that a series of regional committees of Old Blues be set up to liaise with schools and clubs.

Despite the warm reception of that idea nothing has been done and so the decline of a once proud Rugby centre continues. One does not want a monastic games club but merely a balance at the University.

Dugald MacDonald, this year's captain, has settled on an all-out attacking policy. But it must be said that he has no option and this is fine provided that you get possession and make few mistakes.

Oxford could do neither on Saturday and only in the second half managed to mount some *interesting* attacks. Donald MacDonald played a fine game but even he was outshone by King, the flank, whose energy was fantastic and his support unremitting.

Enevoldson looked solid enough on the tight head alongside Sexton, but the second row of Robinson and Widdop was inadequate.

Hood, the scrum-half, made several good breaks and could upset the Cambridge back row. Bryan, at fly-half, apart from some low passing, performed satisfactorily enough, but the most penetrating attacker is Hoolahan on the right wing.

He also saved two tries by some good cover. The most saddening feature of Oxford's play was their total lack of good tackling, for which there is no excuse.

The Harlequins have the basis of an attractive side and their approach to the game has always been appreciated. Martin, Gulliver-like, won the line-out and the mauls with ease, but the two best forwards were the young *Alexander* and Howard.

Alexander has the lope of Walter Spanghero and given time could have his ability. He is certainly strong and quick but I would like to see him under greater defensive pressure.

Howard, less obviously revelled in his first-time tackling and with Barry stri[...] cleanly as in his under[...] days. 'Quins were ass[...] masses of possession an[...] put to good use by Raw[...] scrum-half.

His partner, Wordswo[...] a mixture of indi[...] extravagance and calm[...] As an attacker he is ve[...] rather like Horton in [...] even more elusive with[...] step. He also displayed[...] ful kicking, a facet [...] ignore and launch inste[...] in the centre.

Cooke, the quickest [...] have seen this year tor[...] the paper-thin defence[...] also needs to tigthen up[...] defence.

Neither Lambert[...] Burroughs, two very [...] wings, was at all test[...] for that matter was [...] whose trips upfield we[...] taining and productive.

The Quins' former [...] assembled for the occa[...] derive optimism fr[...] victory, but probably li[...] faction.

SCORERS:

HARLEQUINS: Tri[...] ber (3), Burroughs (2[...] (2), Claxton, Rawle a[...] ander. Conversions[...] (5).

OXFORD: Try [...] Penalty—Bryan and [...] version.

TENNIS

Benson and Hedg[es] title for Connors

BY JOHN BARRETT

JIMMY CONNORS, surviving the loss of the opening set, confirmed his status as the leading American of the year and probably world's No. 1 by defeating Roscoe Tanner, ranked one place below him in the U.S., to win the Benson and Hedges Championships in just over two hours of all-out attacking tennis.

The Empire Pool, Wembley, was packed for this first tennis occasion since 1971, the year when Ilie Nastase announced his arrival as a world force by beating Rod Laver, the reigning world champion, in the final.

Connors' winning margin was 3—6, 7—6, 6—4 and it was a measure of the power of the Tanner service that Connors, who is acknowledged to be the best returner of serve in the world, did not break through until the seventh game of the final set.

The second set was, of course, won on the tie break which Connors clinched eight points to six after serving a costly double fault, his second of the match, to allow Tanner to draw level at 6—6.

Throughout the match Connors was nursing a left ankle injury, sustained on Saturday when he beat fellow countryman Brian Gottfried, No. 6 in the U.S., 6—3, 5—7, 6—2. He sprayed it continuously with an Aerosol cold spray and repeatedly limped after some of the hectic rallies.

He had said before playing that the ankle, which had given him trouble before and which was strapped yesterday, was the least of his problems. His back condition sustained during the U.S. season after Wimbledon, was more worrying.

But when it mattered his mobility was as good as ever and once he had secured the vital break of serve to lead 4—3 in that last set there was no holding him.

Earlier Tanner had sustained a remarkably accurate and powerful attack with few of the errors that normally mar his performance.

Each time Connors served he was in danger of losing it. It was such a loss in the fourth game of the match tha[t] [...] the first set.

The match was near[...] the ninth game of [...] set when Connors st[...] on his serve and saved [...] four break points befor[...] the game on his fifth g[...]

This win was worth [...] brings Connors' total w[...] the court this year [...] dollars short of $600,[...] first tennis male [...] from court earnings alo[...] playing one more e[...] WCT mixed doubles [...] before taking a six-wee[...]

He will miss the C[...] Union Masters in Houst[...] the first week of [...] Tanner though will [...] the eight starters for [...] this week has brough[...] to No. 5 position.

All in all this return [...] to Wembley has been [...] success. A few areas c[...] tration need to be im[...] undoubtedly the pack[...] at the final yesterday p[...] sold properly, it can [...] again one of the lead[...] tennis venues in Brit[...]

RACING

Bueche Girod set to win at Ayr

BY DOMINIC WIGAN

BRIAN LUSK, who usually does well with his runners in Britain, has sent a strong team headed by last spring's two-mile champion chase winner, Skymas, over for Ayr's two-day November meeting which begins to-day, and the raid could well pay off handsomely.

His first winner of the meeting which a year ago was dominated by Gordon Richards and Jonjo O'Neill, could well be the lightly raced *Bueche Girod*, among the runners for Div. 2 of the Gatehead Novices Hurdle.

Unplaced on his only appearance last term, Bueche Girod, a chesnut son of Blue Cliff, showed that he would not be long in winning when chasing home the highly rated *Brendan's Slave* in an 18-runner maiden hurdle at Thurles early this month.

That outing is sure to have sharpened up Bueche Girod considerably, and with his partner on that occasion, the highly accomplished former amateur champion, "Mouse" Morris, again *in the saddle I shall be* more than surprised if the Co. Antrim gelding is beaten.

A year ago Ken Oliver and Colin Tinkler teamed up to land the day's feature event, the Mauchline Chase with Teb, and this time the veteran *Jordan Burn* looks quite capable of doing the trick for them.

AYR
1.15—The Fast One
2.15—Jordan Burn
2.45—Hooked Again
3.45—Bueche Girod***

NOTTINGHAM
1.30—Cartwright
2.00—Legal Advice
3.00—Doo'cot Park**
3.30—Emma J*

Winning twice already over this course, Jordan Burn showed that an unpleasant fall at Kelso just over a fortnight ago had sapped none of his enthusiasm when chasing home Roystar in Carlisle's Patterdale Chase early last week.

If, as I hope, he manages to put in two foot-perfect rounds to-day, the 12-year-old Jordan Burn may well be up to defeating his Kelso conque[ror] on better terms.

David Morley, wh[...] some compensation [...] mony's early departure[...] Black and White Hurdl[...] ings at Ascot on Satu[...] Spanish Tan landed th[...] Chase 65 minutes la[...] set to achieve a *doub*[...] tingham through *Leg*[...] and *Doo'cot Park*.

The former, who ma[...] Sabarak a tougher [...] four previous winners [...] meets in the Merit thr[...] Hurdle, is given no m[...] tentative vote; but Do[...] is suggested with [...] confidence for Divisio[...] Stour Novices Chase.

After his emphati[...] over Night Nurse in N[...] Fighting Fifth Hurdl[...] Nest has been installe[...] favourite for the [...] Hurdle in March, for [...] champion is generally [...] 3-1 with the Kirk [...] winner, Dramatist at [...]

Little sign of verve at Ipswic[h]

GRANTED THAT British soccer is going through a bad time, Ipswich seemed a likely place to propsect for signs of rennaisance on Saturday. Second in the table, with six successive wins to their credit, the fresh young men of Ipswich faced Mr. Jimmy Armfield's rebuilt resurgent Leeds, five games unbeaten, and now without Bremner and Hunter.

Alas, skill and verve were short in a 1—1 draw. Ipswich were stiff and uninspired, lacking their *usual midfield sharpness*. Leeds looked largely like the bumping, cynical side that Revie built—without the old possessive, attacking talent that gilded and often disguised basic ugliness.

Fairly early in the game Armfield's yellow-shirted storm-troopers seemed to have established an inhibiting grip. A taller and sturdier team nowadays, they always seemed to have two more men in their penalty area when Ipswich attacked.

Referee M. Sinclair of Guildford whistled busily, interrupting the flow of the game, but decidedly countering an undoubted underlying tendency towards anarchy. Some spectators criticised Mr. Sinclair for fussiness and inconsistency. [...] believe he did what he felt was necessary, that it generally was necessary and that he was generally correct about key decisions.

The sad thing about a lot of soccer to-day is that there are so many "professional" infringements that it is unreasonable to expect a referee to spot everything. The prevailing philosophy seems to be: "Make sure you retaliate first."

One feared for a player who beat his opponent cleanly—he so often had to suffer a nudge, a block, a push or a late tackle.

Cooper in the Ipswich goal had two hair-raising escapes in the first half. Once he kicked out a shot and later he was able to smother the ball luckily after his belated touch to a Lorimer shot had cannoned off the far post.

With Cooper's uncertainty, which was shared by his fellow defenders, it was no surprise when Leeds went ahead after 50 minutes. They had always seemed more positive—especially when playing negative football.

Hunter of Ipswich, aspiring to his departed namesake's tree-felling as well as his own, yielded a free kick, with which Lorimer toppled Osborne. The ball carried out to the right to Eddie Gray, whose cross w[as] netted by McQueen, every single inch a fug[...] a caber-tossing contest[...]

Two minutes later captain Mills retired wi[th] injury. When angular Bertschin headed sever[...] too acutely from Burle[y...] ing cross, it seemed [...] chances had gone.

But 16 minutes fr[om...] Ipswich conjured an [...] Woods — a lovely, [...] trickster known in S[...] Wizard — pointed sh[...] dicating where Burle[y...] place himself for his p[...] thoughtful Scottish [...] obeyed and floated a [...] ball for Whymark to he[...] Talbot to accept the ch[...] shot bounced twice [...] crossing the line.

It was a meaty a[...] bative game. One boo[...] perhaps par for the c[...] game when Lorimer [...] down Osborne with an e[...] high tackle. Lorimer, on[...] devastating, exciting [...] seemed confined to [...] dominately negative rol[e...] sadly, that was the main[...] game.

JAMES FRENC[H]

TV/Radio

BBC 1

† Indicates programme in black and white.

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.22 For *Schools, Colleges.* 12.45 *p.m.* News. 1.00 Pebble Mill. 1.45 Chigley. 2.01 For Schools, Colleges. 3.15 Anno Domini. 3.53 Regional News (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.10 Go—USA. 5.35 Ivor the Engine.
5.40 News.
5.55 Nationwide.
6.50 Some Mothers Do 'Ave 'Em.
7.20 Angels.
8.10 Panorama.
9.00 News.
†9.25 The Monday Film: "The Red Badge of Courage," starring Audie Murphy.
10.30 Kennedy's Been Shot Friday 22 November 1963: a portrait of that day.
11.15 To-night.
11.55 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 2.18-2.38 For Schools: Let's Look at Wales. 5.55-6.50 Wales To-day. 6.50-7.20 Heddiw. 11.55 News and Weather for Wales.

Scotland—5.55-6.50 p.m. Reporting Scotland. 11.15 Public Account. 11.30 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.50 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

11.00 a.m. Play School.
3.00 p.m. The Caterers.
3.30 Politics Now.
7.00 News on 2 Headlines with sub-titles for the hard-of-hearing.
7.05 Knitting Fashion.
7.20 Newsday.
8.10 The Morecambe and Wise Show.
9.00 I, Claudius.
9.50 Horizon.
10.45 One More Time.
11.15 Late News on 2.
11.25 Closedown: Stephen Thorne reads "Ploughman and Whales," by George Mackay Brown.

LONDON

9.30 a.m. For Schools. 10.35 *Hammy Hamsters Adventures on the Riverbank*. 11.05 For Schools (continued). 12.00 Chorlton and the Wheelies. 12.10 p.m. Mister Trimble. 12.30 Musical Triangles. 1.00 News plus weather and FT index. 1.20 Lunchtime To-day. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Monday Matinee: "Orders are Orders," starring June Thorburn and Raymond Huntley. 3.50 Emmerdale Farm. 4.20 Clapperboard. 4.45 Pauline's Quirkes. 5.15 Batman.
5.45 News.
6.00 To-day.
6.45 Opportunity Knocks!
7.30 Coronation Street.
8.00 Yanks Go Home.
8.30 World in Action.
9.00 The Sweeney.
10.00 News.
10.30 Sez Les.
11.00 Musical Triangles.
11.30 People and Politics.
12.25 a.m. Close: Gordon Bailey reads one of his own poems.

All ITV regions as London except at the following times:

ANGLIA

12.30 p.m. Out of Town. 1.20 Anglia News. 2.00 Houseparty. 2.25 Monday Matinee: "Where There's A Will" starring Will Hay. 4.20 The Romper Room. 5.15 Supersonic. 6.00 About Anglia. 10.30 Lifestyle. 11.00 Mystery Movie: Banacek. 12.20 a.m. Reflection.

ATV MIDLANDS

12.30 p.m. The Amazing World of Kreskin. 1.20 ATV Newsdesk. 2.25 Mystery Movie: Hawkins. [illegible] Betty Boop Cartoon. 5.15 Supersonic. 6.00 ATV Today. 10.30 Platform for Today. 11.15 Police Story. 12.10 a.m. [illegible]

BORDER

12.30 p.m. Farmhouse Kitchen. 1.20 Border News. 2.00 Houseparty. 2.25 Monday Matinee: Banacek. 5.15 Supersonic. 6.00 Border News and Lookaround. 6.15 Garnock Way. [illegible] 10.30 The Best of Upstairs, Downstairs. 11.30 The Protectors. [illegible] Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. [illegible] Banacek. 5.15 Supersonic. [illegible] News and Weather. [illegible]

GRAMPIAN

12.30 p.m. Galloping Gourmet. [illegible]

GRANADA

12.30 p.m. The Galloping Gourmet. [illegible]

HTV

1.20 p.m. Report West Headlines. [illegible]

SCOTTISH

12.30 p.m. Gambit. [illegible]

SOUTHERN

12.30 p.m. Farmhouse Kitchen. [illegible]

TYNE TEES

9.25 a.m. Starting Point. [illegible]

ULSTER

12.30 p.m. Survival. 1.20 Ulster News Headlines. [illegible]

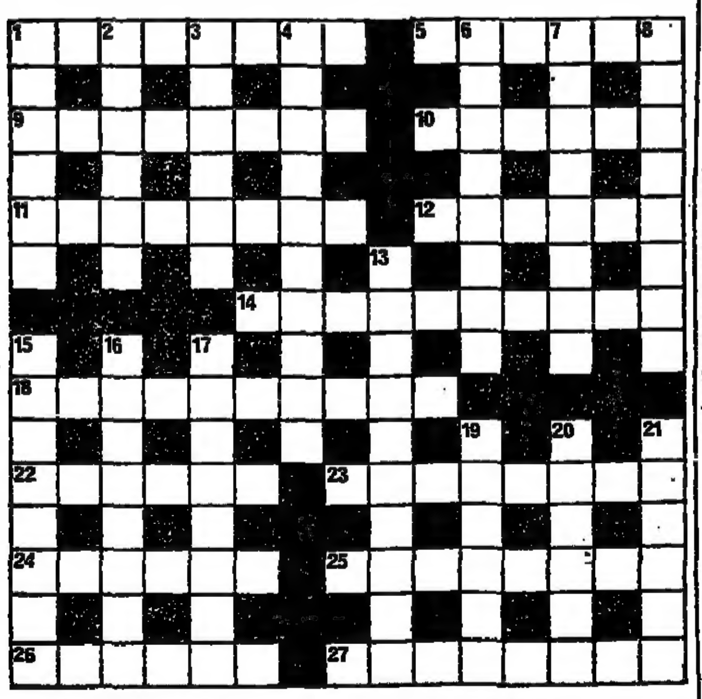
WESTWARD

10.37 a.m. Here Comes The Future. [illegible]

YORKSHIRE

12.30 p.m. Hogan's Heroes. [illegible]

F.T. CROSSWORD PUZZLE No. 3,240



ACROSS

1 Reasonable allowance for nearly everyone (8)
5 The outcome for an astronaut after blast-off (6)
9 Touching way to call back (8)
10 Prison fare has the know-how to start with (6)
11 Cures for engineers about to perish (8)
12 "Damn with faint praise, —— with civil leer" (Pope) (6)
14 Inactivity —— in a people of male chauvinists? (10)
18 A way in a Lancashire town to mark government property (5-5)
22 A strange affair to be tied up with (6)
23 Pop upset in the coach causes a strike (8)
24 "All the perfumes of —— will not sweeten this little hand" (Macbeth) (6)
25 Battle-kit for a prison officer (8)
26 A gift of ancient money (6)
27 Get a good man to incite the fish (8)

DOWN

1 The account goes with a bang (6)
2 A little child on the river with objects of worship (6)
3 Exaggerate a finished party (6)
4 Nourishing a slight difference of remark to Watson (10)
6 Ask Pat in for a change in the country (8)
7 The country stamped with an old name (8)
8 A day named by Lars Porsena (8)
13 Encourage health with a breakfast dish (3, 2, 5)
15 Deviating, but Abraham has the right to rave (8)
16 *Sell up before the dance—get* something you can drive (4, 4)
17 Summing things up—it might mean another mouth to feed (8)
19 Here we find the rest of an insect (8)
20 Horsemanship can upset the menage (6)
21 Send junior to sea for a period (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

هكذا من الأصل

's Theatre, Hornchurch

The Top Of The Bill

by MICHAEL COVENEY

Baldwin's new play a contemporary pub, enagers bopping half- to middle-of-the-road a precious emcee to inject some ate bonhomie into roceedings. An old ubles forlornly across with a pint, muttering good old days of entertainment at the el Empire. Old Sam rrator and, with the ent of a gauze front- the ebullient intrusion l-up comedian, we are ie year 1914.

follows is half an a medley of music rites, half an attempt the somewhat muffled p of Young Sam and ins. Bill, we learn, sam when he arrived id penniless from ut the adopted son to a spruce young n his way to the The play is acted ie foyer of the old hich, in David Knap- esign is a large waiting room with heavy red curtains and a bar in the corner. Sam has a girl-friend he meets in the market outside, in between scuffing with a chirpy character called "Newsprint" whom the passage of time neatly allows to inherit the music hall in its transition to palace of varieties.

That transition-period brings us up to 1918, by which time Bill has been reduced to the status of an alcoholic potboy, coughing consumptively all over the stage and finally collapsing with a custard pie in his face. We are told that he died the next day, information imparted to the accompaniment of "The Miner's Dream of Home." In fact, rarely does the sentimental story successfully coincide with the musical commentary; the stock trick best employed by Mr. Baldwin is the wrenching of a lyric from its original context to serve as ironic commentary. So, after an excruciatingly cheerful rendition of one of the show's two original numbers, the line "The best way through adversity is to smile" is ruminatively echoed by Bill in tatters and down on his luck.

Shaun Curry works hard at breaking down the harsh lines of this theatre's auditorium and rattles off some fairly blue jokes while, as Bill, he has become the butt of several himself. That is no mean achievement, and Mr. Curry completes a resilient performance by treating us to a little of what used to be called eccentric dancing. The thinness of the writing, however, requires Mr. Curry to match his expressions of despair and decline with some gross melodramatic huffing and puffing.

This is certainly no advance for Mr. Baldwin, whose last play, *Just A Little Bit Less Than Normal*, in a fine production at the Theatre Upstairs earlier this year, made such an impression. I feel, in fact, that he should sit down and write the play about Bill and Sam that is bidden beneath the surface dressing of music hall nostalgia and the First World War. The opening scenes present a jolly opportunity for members of the Queen's Youth Drama Workshop Group to tread the boards, but are irrelevant to the play and flaccidly staged. The director is Paul Tomlinson.

: Garden

/oluntaries

by CLEMENT CRISP

Tetley's *Voluntaries* silence, its principal nding in an embrace sts the sharing of some rief. I first saw the tuttgart, where Tetley as a memorial to John id the poignancy of its mage and the very cumstances in which it ed lent it a strong colouring. As I t the time, it seemed f compassion, under- f grief, and that feeling rs my appreciation of at it has entered the et repertory. It may ous to ascribe emotive to a work of plotless the upward soaring he choreography, the desolation and consola- powerful in Tetley's d very beautiful.

Voluntaries has a that it acquires from ing white leotards, with colour, that the ear, echoed in Reuben tunian's austere set- enc's highly charged certo is the musical on which Tetley builds his dances, and their broad spans of energy, the serpentine convolutions of the double work, seem an ideal realisation of the music. The central couple, are Lynn Seymour and David Wall, with Vergie Derman, Wayne Eagling and Mark Silver as the secondary trio attended by six further couples.

The performances of Seymour and Wall seem to me absolutely sure in suggesting emotion without wallowing in explicit statements. The seriousness of their dancing, the way in which Tetley's dark and very arduous writing is presented without constraint, but also without undue sentiment, is testimony to their artistry, and the Derman/Eagling/Silver trio is no less commendable in its purity of manner. *Voluntaries* is a difficult work, technically and spiritually, and it is to the Royal Ballet's credit that it is so potently and sincerely done.

The rest of the programme contained two ballets by Jerome Robbins: *Afternoon of a Faun*, danced with proper coolness by Michael Coleman and Jennifer Penney, and *Dances at a Gathering*. This last was a bubbling caudron of temperament, archness, and an excess of gratuitous emoting. In Paris a couple of months ago I saw New York City Ballet dance it with such elegance, and such feeling for its merits as choreography, that this Royal Ballet presentation looks like a different and markedly inferior ballet. Anthony Twiner's Chopin playing is very nuance in its rallentandos and rubato, and the concomitant dissipation of dynamic pulse is reflected in the dancing which goes by fits and starts and insists upon "self" to a degree that verges upon caricature.

A "personality cult" seems rampant; the shape of each dance is lost, the simple offering of a hand from one dancer to another assumes the proportions of a declaration of undying love, and the clarity of Robbins' dances is misted over with a Miltonic catalogue of nods and becks and wreathe'd smiles. It all goes much, much too far—and there, in the distance, is a beautiful ballet sinking into a swamp of charm.

t Garden

Dances at a Gathering

by CLEMENT CRISP

Makarova comes on *Dances at a Gathering* ry different from the ssured or impassioned know in most of her ices. In an airy mauve hair centre-parted and a chiffon ribbon, she nger than the other n stage and far less ted Her dancing as something of this ish innocence, with a tone to it: in her first David Wall the move- sager, spontaneous in You notice the lovely of the back and the the feet—so sensitive ansitions as she rises l point—and now she greater space in danc- ng out a step or a ith serene expansive- nderful, too, the way des an academic posi- tion with what is the dance equivalent of an in-drawn breath, movement prepared and then expressed in one long flowing line.

This is Kirov training at its most sensitive, and so is the ability to make dancing dramatic in its very essence rather than just in its externals. It is not a matter of projecting personality (which is dangerous in *Dances*) but of infusing movement with a mood, and Makarova's style sets its mark fully on the girls' waltz trio which, with Lynn Seymour and Laura Connor, becomes a reverie as the three figures eddy over the stage, impelled by the music.

In the waltz sextet I admired especially the way Makarova soared in and out of the action, suddenly drawn into the dancing as if moving from recitative to aria; in the second Etude, with Nureyev, two prodigious temperaments teased each other and then united in the choreography. Best of all was the penultimate scherzo. In this Jerome Robbins finds the darkest emotional colours in *Dances*, and Makarova responds with a grave seriousness which is neither overdramatic nor portentious. The gesture with which she gives her hand to David Wall is utterly simple; she conveys an inner contemplative stillness, and maintains this potent illusion throughout the entire number.

This début performance on Saturday night was exceptional as dancing, and even more illuminating as dance artistry: the two qualities are not, alas, always the same, but in Makarova they are one and indivisible.

eting House

.os Angeles Chamber Ensembles

lude to the appearance ll symphony orchestra in Mehta at the Albert Friday, 15 members of ngeles Philharmonic— so orchestra, manned so instrumentalists," as ty proclaims itself— the Banqueting House all on Thursday even- ffer a programme of works for various of its instrumental groups.

a was a fine one, but a was less so. The f Inigo Jones' impos- n edifice, crowned by g of nine Rubens d with all its crystal s ablaze, is a splen- acoustically it is not leal more sympathetic tel bathroom. By dint l listening, and still eful adjustment, two the Banqueting House, if they are string- players, can project their music with tolerable clarity. But when more than two instruments sound there, especially if they are all wind instruments, or if a piano is added, the musical effect can be very bizarre indeed.

No more than a pointillistic blur of an apotheosis of Mozart's C minor Serenade for eight wind instruments reached my seat at the centre of the hall, directly beneath the Apotheosis of James I. Schumann's piano quartet in E flat op. 47, bravely played by another excellent ensemble, fought fiercely through the shower-room shimmer, and failed —though I found the sound of the andante, one of Schumann's most fervant romances, in spite of its strangeness, almost moving, a surreal Palm-Court reminiscence.

Berg's rarely-heard Four Pieces for clarinet and piano fared only a little better—except in the most slow-moving music, notably the marvellous, bittersweet *langsam* finale. But Ravel's sonata for violin and cello, given by Sidney Harth and Ronald Leonard, spirited and capable players both, emerged much more clearly, sweet, dry and clean. *Encounters no. 2* for solo tuba, by the Los Angeles orchestra's Co-Principal timpanist and resident composer William Kraft, played by Roger Bobo, came across cleanly too—and as loud, big-bellied and reverberant as no doubt it should

DOMINIC GILL

Old Vic

The Ghost Train

by B. A. YOUNG

Arnold Ridley's thriller ran for 655 performances at the St. Martin's in 1925-26, and has been played by reps and amateurs in countless places since. Its dialogue, naive even for a 1930s thriller, and its simple blood-chilling mechanisms held the audience in fits of laughter last night, but it's hardly fair to write the play off only as a comic period piece like *Maria Marten* or *Sweeney Todd*. We cultivated audiences in the West End, or in this instance in the South-East End, may find it all very laughable, but there's still matter in it to tighten the nerves.

This production, under Bill Hays, is played for laughs throughout, and this may do at the beginning of the run for houses that have learned their thrills from more sophisticated sources. Later, when the less critical audiences begin to come, I suspect that the company may have to play with more respect for the author's original intentions.

Nothing against the present vogue, however. The company is a strong one and knows what it is doing. There is Wilfrid Brambell as the stationmaster at Fal Vale Station on the South Cornwall Joint Railway, through which a phantom train runs each year on the anniversary of a smash. Marooned in the waiting-room, having missed a connection, are Martin Thurley and Judy Buxton as a young couple and James Villiers and Veronica Strong as a mature couple; Gwen Nelson as an old lady with a parrot; and Geoffrey Davies as a silly ass, complete with eyeglass, who says "Oh crumbs, what a perfect scream!"

Before the train comes—and yes, it does come, ably suggested with tapes and lights—they are joined by a hysterical girl (Louise Purnell), her brother (Patrick Newell) and her doctor (Allan Cuthbertson). I need hardly tell you . . . but of course I mustn't tell you, for at least five of these dramatis personae turn out to be other than we have been led to believe. I think I may at any rate say that the train isn't really a phantom, nor is it true that anyone who sees it will die. Take it from there.

The station waiting-room, with the attendant noise, lights and smoke that ruled when railways were railways, is a splendid design by Michael Annals. You can settle down before it and have a happy evening, as long as you don't start asking hard questions like "Who locked the doors?" and "Why was the crook's charade devised before they knew there'd be any need for it?"

Purcell Room

Bradshaw & Bennett

by DOMINIC GILL

Susan Bradshaw and Richard Rodney Bennett started playing piano duets together informally 18 years ago, when they were both students of Pierre Boulez in Paris. Since that time, they have developed the association, side by side with their other activities, Bradshaw's as pianist and teacher, Bennett's as composer, until they have become to-day almost one of our best known, certainly one of our most affectionately regarded, duos specialising in unusual programmes of new, unfamiliar and nearly-familiar music.

Their recital on Friday evening included two recent works for four hands. Giles Swayne's Synthesis for two pianos, praised on this page already by Max Loppert in his review of the third BBC Young Composers' Forum at York last month, I also found an exhilarating piece: a work which gives the impression of having been written at white heat, *strong, simple, direct in* for mand gesture—"the development of a relationship," in a musical sense, but with extra-musical overtones, "from complete non-communication to a conflict of such violence that some kind of communication is achieved." It is cleverly written, though the keyboard language itself, of swirls and clusters and high Messiaenish arpeggiati, is not specially adventurous. But the honesty of the musical proposition, and its transparent lack of guile, is engaging—and as well as exhilarating, as honesty can be, strangely moving too.

The duo also gave Bennett's own *Cappriccio* for four hands on one piano: in spite of its title, a short but rather serious essay, dating from 1968, beautifully constructed in modified rondo form, shot through with wistful Webernish echoes. And an interesting rarity: the *Sites auriculaires* of Ravel, written between 1895-97 while the composer was still a student, performed once in public and subsequently withdrawn, eventually rediscovered and published only last year—in the context of the later music maybe, a studentish inspiration (without foreknowledge, one might guess a fine Ravel pastiche), but an inspiration nonetheless of the greatest expertise and charm.

Debussy's *Six Epigraphes antiques*—exquisite late arrangements (1914) of the *Chansons de Bilitis* for two flutes, two harps and celesta (1900)—were sympathetically understated. Though stylistic understatement, I suspect, blunted the very sharpest edges of the fun-part of the duo's programme, transcriptions of Cole Porter and Gershw... marvellous light relief—but wasn't the presentation of the numbers from *Within the Quota* just a shade too four-square to summon up real, echt-Porter nostalgia? Their performance of *The Man I Love*, done in a splendid Gregory Stone transcription, lacked only one thing—not love or affection, but sighing.

The prospect for Prospect

The Prospect Theatre Company has lined up eight productions for 1977, and already has three more scheduled for 1978.

Next year's productions will be: *Saint Joan*, *Hamlet*, *War Music* (an adaptation of Homer's *Iliad* by Christopher Logue), *Antony and Cleopatra*, Dryden's *All for Love*, Webster's *The Duchess of Malfi*, *Timon of Athens* and *Hedda Gabler*. The following year they will add *Just My Luck*, a new play by Aleksei Arbuzov and *Uncle Vanya*.

Prospect will be based on the Old Vic next year, though their policy is unchanged, to continue their activities as a touring company. Besides their work around the United Kingdom, the company is to visit Cyprus, Belgium, Israel, Iran, Jordan, Turkey, West Germany and Yugoslavia.

The company will be extremely strong. It will include Eileen Atkins, Barbara Jefford, Derek Jacobi, Alec McCowen, Dorothy Tutin, John Turner and Timothy West, with Toby Robertson as artistic director.

Zurich theatre

Wallenstein

by OSSIA TRILLING

In the course of some 200 minutes, Harry Buckwitz's all-purpose version of Schiller's *Wallenstein* offers less than half of the trilogy, but it covers a great deal of ground all the same. By leaving out most of the spectacle, it brings into relief the fate of the individual combatants in what Buckwitz called "an intimate political drama" ("ein politisches Kammerspiel"). It is his penultimate production before handing over the management of the Schauspielhaus to Gerhard Klingenberg, late of the Vienna Burg theatre.

Schiller's tragic hero no more resembles the noble-born Bohemian war-profiteering General Wallenstein of the Thirty Years' War than Marlowe's Tamburlaine resembles the historical Timur Lenk. The superstitious military genius and slave of astrology, who is forever torn by indecision and distrust, but does not scruple to turn his coat for personal gain, is as much a figment of the poetic imagination as, say, Shakespeare's Richard III or, for that matter, any apocryphal protagonist in the German dramatic tradition of "the theatre as a moral institution." This does not make him any the less compelling a stage figure.

Ellen Schweirz and Hans-Dieter Zeidler in 'Wallenstein'

First staged in Weimar ten years after the French Revolution, the trilogy consists of a long one-act prologue (*Wallenstein's Camp*) and two five-act dramas (*Piccolomini* and *Wallenstein's Death*). Buckwitz has boiled down the first into a brief neo-Brechtian sketch in which the climax is the lynching of the rabble-rousing anti-war priest by the rude and licentious mercenaries. It sets the scene for the personal animosities and political battles that are to follow.

The clash between Wallenstein and the rival imperial party led by Octavio Piccolomini, the contrast between their respective acts of treachery, and the former's assassination after soliciting a truce with the Swedish enemy, are the stuff of the two ensuing, drama-laden acts. The numerous episodic scenes were clearly designed to succeed one another with lightning speed, separated by cinematic fades and rapid scene-changes. In a proper playhouse Bert Kistner's ingenious decor, a series of rising and falling frames with changing classically architectural facades or interior back-walls, would no doubt have done the trick effortlessly. On the unusually large stage of the Corso Cinema, however, which the company are using pending the rebuilding of their home-base, the mechanics creak ominously and dramatic tension often goes awry. The acoustics, too, can be rather disconcerting.

It speaks both for Buckwitz's directing discipline and the performers' flexibility that these defects were largely overcome. Buckwitz has been lucky in finding so many capable character actors to fill the long cast-list and to give the "political chamber-play" its necessary intellectual colouring. Though Hans-Dieter Zeidler, as the eponymous hero, may look nothing like the historical Wallenstein of print and painting, he creates a figure of sturdy aggressiveness mixed with pathological self-absorption that is never less than interesting and frequently wholly enthralling. Of the other 23 in the cast, some of *them in dual roles*, Gert Westphal, as the cunning politician Piccolomini, proves to be his match in every sense. The mostly monochrome stylised historical costumes of Gebriele Frey add to the evening's visual enjoyment.

The same rich week end yielded the incomparable Maria Becker at the head of her own touring company displaying in Chekhov's *The Cherry Orchard* as Madame Ranevskaya a spell-binding comic talent and showing how easily the faulty acoustics of the Corso can be overcome by a practised player. It included, at the Schauspielhaus's experimental theatre workship in Tiefenbrunnen, the German-language première—in the round—of Arrabal's political allegory of *On the High-Wire*, in which Londoners saw the original Paris company last spring at the Greenwood, and which demands a leading actor who can also walk the tight-rope, a twofold challenge that Peter Brogle, a former circus-artist, meets with amazing élan.

It included, at the tiny Theater an der Winkelwiese, a new view of Strindberg's *Miss Julie*—also in the round—to which the director had added a mysterious Nordic troll, visible only to the audience, to preside over the action and pull the strings, as it were. It included Günther Rennert's visually stunning *production*, his first in Zurich as well as his first since giving up his nine-year-old tenure of the management of the Munich Nationaltheater, of the neglected original version (of 1926) of Hindemith's *Cardillac*, with its notoriously unashamed mimed scene, in which the Cavalier is murdered in the arms of his lady at the climax, so to speak of the act of sexual congress. Rundi Barth's menacingly angular decor, with costumes by Jan Skalicky to match most aptly evoked the atmosphere of a German expressionistic drama or film of the 1920s.

And last, but not least it included a double-bill at the small Theater am Neumarkt of two one-act monodramas by Franz Xaver Kwoetz, the author of *Stallerhof*, the first a world, the second a Swiss première. The woman in each play—a young unmarried mother who takes her baby on a train journey to meet a father who will never turn up, in *Journey to Happiness*, and an aging pensioner about to be trundled off to an old people's home in *Further Outlook*—was played by the same young actress. For all Renate Steiger's versatility and poignant simplicity, this did not quite come off. Paradoxically, she convinced more easily in the older woman's role as she gathered around her her worldly belongings like some hysterical mother-hen afraid of losing her beloved chicks.

The Entertainment Guide is on Page 10

Albert Hall

Los Angeles Philharmonic

The distinguished visiting orchestra from Los Angeles gave their main concert in the Albert Hall last Friday. Zubin Mehta, their director for 15 years, was the conductor. The lower reaches of the hall were well filled, with many musical notabilities and, it seemed, every classical recording manager in London. The cheaper seats were so empty that one feared (unnecessarily, as it turned out) that the echo would creep back. London's lack of curiosity about visiting orchestras seems offensive, until one remembers that, except for appearances by very great, long-established favourites like the Berlin and Vienna Philharmonics, many people take the more expensive seats for reasons that, while perfectly creditable, are not primarily musical. The time has gone (if it ever existed) when those who pinch and scrape for their concert tickets were ready to do so for reasons of diplomacy or curiosity.

The Los Angeles players travel in style, with a full and splendid array for Mahler's First Symphony in the second half and a small one for Ives and Mozart in the first. Since Mahler was clearly the main business of the evening, the programme may be discussed back to front. This was the kind of highly-polished Mahler performance one expects on a major tour date, even from an orchestra which had six years under Klemperer. Polish only occasionally degenerated into gloss. The headlong rush towards the end of the first movement (perhaps because it was so fiendishly well done) introduced a touch of slickness; the trio of the following movement was almost too sweet to be true. The mock funeral march, on the other hand, had marvellous transparency, with the weight of the bass lines perfectly adjusted. The running-down in the finale heralding the return to the symphony's opening was also handled with conspicuous finesse.

The soloists in Mozart's *Sinfonia concertante* for violin and viola were Glenn Dicterow, the orchestra's concertmaster, and Alan de Veritch, the principal viola. Both fine players, if the violinist came over as the stronger personality, it may be because his partner half-turned his back on Block H. Our most notable exponents of the work, Messrs. Brainin and Schidlof, bring to it more breadth and a saltier wit, but it was good to hear another, expert, equally valid, reading with such steady, calm tone. But without the Promenaders jammed in close attention at the front of the arena, the careful restraint removed the music to the middle distance. In "Like a sick eagle," the third of the four pieces by Charles Ives, with which the concert opened, there was a *slight miscalculation of balance*, the "sick" violin solo nearly obliterating the surely more important cor anglais line. "Tone roads No. 3", the last and most substantial of the set, was fascinating from many points of view, specially for Ives' instinctive ability to make a small band sound like several large ones.

RONALD CRICHTON

West Germany to go over to a four party system

BY NICHOLAS COLCHESTER

BONN, Nov. 21.

West Germany will go over to a four-party political system, with the Christian Democratic Union campaigning in Bavaria and Franz Josef Strauss's Christian Social Union becoming a new party of the right, operating across the whole country.

These developments are considered virtual certainties in Bonn to-day after the Bavarian CSU's astonishing decision on Friday to break away from the CDU.

Herr Helmut Kohl, the chairman of the CDU, went back on to the offensive over the week-end after the initial news of the CSU's decision had left him almost speechless with shock and anger. At the end of an emergency meeting of CDU leaders on Saturday, he said he had a political mandate as opposition leader for the whole of Germany, laying emphasis on the word "whole."

Offensive

To-day on television he stated that he expected the CSU to expand its operations outside Bavaria, and that in this case the CDU would quickly decide on appropriate action.

So far, CSU leader Strauss has insisted that a nationwide CSU must not necessarily be a consequence of the CSU's decision on Friday. Yet political observers are almost unanimous in believing that it is. They remark that Herr Strauss would have little to gain from the split unless it were to lead to a situation in which the Right-wing views which apparently brought the CSU such success in Bavaria could now bid for support across the country.

Herr Strauss and other CSU leaders were at pains over the week-end to stress their continuing friendships towards the CDU. Yet their statements could not heal the deep rift that has opened between the two Conservative parties. In his official statement on Saturday, Herr Kohl said that "the way in which the CSU reached their decision was not compatible with the 30 years of co-operation of the Union."

Herr Franz Josef Strauss

Later he expressed his scepticism over the CSU's plan to propose a common "roof" under which both parties would co-ordinate their opposition.

Little hurt

In the CSU itself, the decision taken by the 53 CSU MPs who will take their seats in the next Parliament caused shock and not a little hurt. The Bavarian borough of Mittel Franken said at once that it was "most deeply disturbed" by the move, and demanded an immediate special party conference. There was growing realisation in Munich that countrywide competition with the CDU was the only logical way of capitalising on the split.

Yet there was also fear of encouraging the CDU to set up camp in Bavaria before the local election that takes place there in 1978. The CDU's potential share of the Bavarian vote is rated at between 10 and 20 per cent., and there is fear that a split Conservative vote would hand the Social Democrats seats in the State Parliament.

No one in Bonn can yet give a clear explanation of Strauss's tactics in recommending this split to the CSU MPs in a way that was bound to result in enmity between CSU and CDU. Some suggest that it may be a mistake to look for too much logic in his action. They put it down to an emotional desire by Herr Strauss to distance himself from Helmut Kohl, a desire "not so much to win as to snub an opponent," as one put it.

Great success

The background to the split is, however, clear. Strauss had for long suspected that a single Right-wing party could never attain an absolute majority in Germany against a coalition of the liberals and the Left. But he felt that if the CDU had been more resolutely Right-wing in the recent election, instead of pandering to the Free Democrats, it might just have tipped the scales.

The CSU's great success in Bavaria, where it won 60 per cent. of the vote, redoubled this belief. On election night, Herr Strauss told a circle of friends: "Those comrades up there, those northerners, have certainly misfired. If they had got a single percentage point more, just one per cent., the whole thing would have been won. But after they lost the First World War, they lost their political instincts as well."

Spanish police in arrests of left-wingers

By Roger Matthews

MADRID, Nov. 2.

SPANISH police announced to-day the arrest of over 100 extreme left-wingers who had been attending a meeting in a monastery in the Basque province of Guipuzcoa. News of the police raid on the building came shortly after an estimated 100,000 extreme right-wingers had gathered in Madrid to pay homage to the late General Franco on the first anniversary of his death.

Depsite Government orders limiting the rally to 20 minutes, groups of demonstrators later moved on to central police headquarters where they sang the Falangist battle hymn "Face to the Sun" and gave the fascist-style salute. From there they marched on to the Cortes building, where last Thursday night the Government had its wish to have the appointed Franco Parliament replaced by two chambers elected by universal suffrage.

The estimated 6,000 police on duty in central Madrid made no move to intervene as the demonstrators chanted: "Franco arise, Spain needs you" and "We want another Franco." They also called for the resignation of Prime Minister Adolfo Suarez and described the Cortes' deputies who had voted for the constitutional reform Bill as "traitors." However, the rally and its aftermath passed off without serious incident.

With the tense political events of the past few days now safely past the Government can begin to concentrate on the next step forward in its programme of political evolution—the holding of a referendum due before Christmas on the constitutional reform law and the drawing up of the electoral law which most observers consider to be the single most vital piece of pending legislation.

Feature Page 14

Peking people brace for another earthquake

BY A SPECIAL CORRESPONDENT

PEKING, Nov. 21.

WARNED TO expect another major earthquake in the next few days many thousands of people in Peking have opted to spend to-night sleeping in mud-walled dug-outs on the city streets in sub-zero temperatures.

Some foreign embassies in Peking, including the British and the Canadian, have evacuated their nationals from the higher floors of diplomatic apartment blocks into embassy buildings.

Local and foreign residents were told early on Saturday morning that further earthquake activity could occur in the coal-mining area of Tangshan, 70 kilometres north-east of Peking, which was devastated by earthquakes in July and also in areas south-east of the capital in the next few days.

The official statement from the Chinese Foreign Ministry warned resident foreigners that both quakes would affect Peking.

The warnings followed a strong tremor here on Monday, centred on Ningho, between Tangshan and Tientsin which shook Peking's buildings for fully 30 seconds. No serious damage or loss of life was reported in Peking and there have been no reports from Tangshan.

After-shocks had been expected to occur some three months following the major earthquake in July, the worst recorded anywhere in the world in 12 years which devastated the important industrial city of Tangshan.

Since July roadside earthquake shelters have been strengthened and fortified against the bitterness of the Peking winter. Builders have made mud bricks and walls, dug foundations down several feet and fitted hinged doors and windows. To-night many people were taking bedding and preparing to sleep in the dug-outs, though many had to dismantle their shelters when the summer earthquake alert was over and are now unable to move out of their courtyards and apartment blocks into dug-outs.

Like many foreigners most Chinese appear to have decided that the cold is a worse enemy than the remote possibility that there is anything left in Peking to collapse after the violent shaking in July. With a stiff upper lip most people in Peking have learned to live with the recurring earthquake threats and many foreigners appear unperturbed on the highest floors of the diplomatic flats.

A NEPHEW of the late Mao Tse-tung appeared to be under attack to-day for being a supporter of Leftist radicals including Mao's widow Chiang Ching.

In the southern city of Canton posters have appeared which people there said were a clear attack on the nephew, Mao Yuan-hsin.

Mao Yuan-hsin was until recently a communist party secretary in the Manchurian City of Shenyang and Vice-Chairman of the Liaoning provincial Revolutionary (Administrative) Committee.

July's disaster is now being exploited politically. The alleged callous disregard of the "gang of four," the arrested Politburo members led by Mao's widow, for the earthquake victims in Tangshan has been repeatedly attacked in the media. To-day they were accused of aggravating the calamity in July and trying to shift the blame on to Chairman Hua Kuo-feng. They were said to have been indifferent to the Tangshan people's suffering and to have been more concerned about their campaign of criticism against deposed (but now partly rehabilitated Vice-Premier) Teng Hsiao-ping.

Sydney Morning Herald

Greece and Turkey agree on Aegean Sea truce

BY OUR OWN CORRESPONDENT

ATHENS, Nov. 21.

GREECE and Turkey have agreed to a truce in their dispute over the Aegean continental shelf while they seek to find a mutually acceptable solution through negotiations.

According to the text of an agreement signed in Berne on November 11 after 10 days of talks and released here to-day, the two sides have agreed to refrain from any initiatives or acts which could harm the negotiations or bilateral relations.

The opening of a dialogue between the two neighbours was recommended last August by the UN Security Council to which Greece resorted after Turkey sent an exploration vessel to carry out seismic soundings in disputed waters.

Under the Berne agreement, the two countries will set up a mixed committee which will draw up the guidelines for the negotiations on the delimitation of the continental shelf in the Aegean. The mixed committee will delve deeply into international law on the sea and similar cases between other countries in order to establish principles and criteria which could be applied in a solution to the Aegean continental shelf issue.

The Berne agreement sets no date for the opening of the negotiations on the substance of the issue. A Greek government spokesman said to-day the negotiations will be neither easy nor brief.

Miki calls for summit

JAPAN plans to propose the holding of a third round of the western economic summit conference after the inauguration in January of President-elect Jimmy Carter's Administration, Prime Minister Takeo Miki said, according to Reuter in Tokyo.

He told a Press conference Tokyo could be its venue. The inaugural summit was held at Rambouillet in France last year and the second in Puerto Rico last June.

Brezhnev makes fir State visi to Roma

By Paul Lendvai

VIENNA, N

THE Soviet party lea Leonid Brezhnev arr Bucharest on Monday f day official visit in B his first ever on a bilate to Romania, which lil slavia has pursued a independence from Mo spent two days in July the Romanian capital as participant at a War summit meeting. Th precedes the next Pact which starts in Buch Thursday.

Accelerated military, and political integratic the Soviet bloc and a ment of east-west rela expected to be the main during his talks v Romanian president a leader Mr. Nicolae C The two leaders met in August when Mr. (spent a kind of working in the Soviet Moldavian

As Mr. Brezhnev ignored the two last party congresses in 1974 and in 1970 even a planned visit to a signing of the Roman Friendship treaty, his visit itself is regarded i European as a significa a certain reprochemen the two neighbouring c countries. Mr. Brezhnev just returned from a visit to Belgrade, appe making a major perso to strengthen the cohesi the East European stat find an accommodation Romanian leader wh alone policy initiati regard to the Middle Sino Soviet conflict West relations have in caused frequent irritati Kremlin.

The uncertainty rega attitude of the new Ch American leadershi Romania's growing economic difficulties have been the majo behind the improve bilateral relations. In to the past Romania, with an estimated Wes of over $3bn. and no s early improvement external trade bala expressed keen int closer economic co-oper the Soviet Union whose the Romanian foreign shrunk from 39 per cen to less than 16 per cen Romania has also becc importer of crude oi rumoured to be inte receiving Soviet crude.

EEC fish warning to Russia

By Robin Reeves

BRUSSELS, Nov. 21.

THE LEVEL of Russian fishing activity which is likely to be tolerated in British and other EEC waters, after the adoption of 200-mile fishing limits on January 1, will be indicated to Soviet Government representatives in London this week.

The occasion for doing so will be a meeting of the North East Atlantic Fisheries Commission which will be bringing together officials from all countries with a fishing interest in the area.

However, the signs are that this year the meeting will be a short-lived affair since the adoption of 200-mile limits by Iceland and Norway, as well as the EEC, means that the major part of the waters concerned are shortly to be subject to either national or Community jurisdiction.

By all accounts, the Brussels Commission is aiming for an early, inconclusive end to the meeting. It now has sole legal competence for international arrangements affecting fish and any attempt to set national fishing quotas in the NEAFC forum would necessarily prejudice the EEC's reciprocal fisheries negotiations now getting under way with Iceland, Norway and others, and the forthcoming internal negotiations to revise the common fisheries policy.

But the opportunity will be taken in London to remind the Soviets that they can continue to fish in Community waters after January 1, only providing they are ready to embark on negotiations towards a reciprocal fishing agreement with the EEC. This will aim to phase down fishing activity by Soviet trawlers which, in recent years, have been catching up to 20 per cent. of fish in Community waters.

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Angola for UN

THE U.S. has announced it will not use its veto a second time to block Angola's membership in the United Nations, clearing the way for the Marxist Popular Movement Government to become the 146th UN member, UPI reports from New York.

U.S. Representative Albert W. Sherer Jr., told the 15-member Security Council last Friday that while the U.S. won't support Angola's application it "won't stand in the way."

Israeli find

THE discovery of a large underground sweet water reservoir near Nahal Zin in the Negev Desert may presage the conversion of substantial parts of this barren area into flourishing industrial and agricultural centres of population, L. Daniel writes from Tel Aviv.

The discovery was made last week during a drilling near the new phosphate works now going up at Nahal Zin which intends to "wash" the phosphate rock rather than increase the P205 contents by calcination since the former method is much cheaper.

Poland's primate

POLAND'S catholic primate, Cardinal Stefan Wyszynski, has appealed for an order based on truth and mercy and said any social system which ignored Christianity was doomed.

It was the Cardinal's first major public address since returning from Rome where he was confirmed in office, after celebrating his 75th birthday, by Pope Paul.

Thai democracy

THAILAND has taken its first step back on an official 12-year road to Democracy with the appointment of a 340-member national assembly with only advisory powers, UPI in Bangkok reports.

An official list released showed 147 of the appointees are military or police officers.

Greece in Soviet deal

By Our Own Correspc

ATHENS, l

THE PUBLIC Power tion — Greece's State- electricity company — l three agreements with Energomachexport for chase and installation lignite power units a water turbines worth drachmas 8.7bn. (about

The agreements settl which arose as a resu cancellation of a proje exploitation of lar deposits in Philippi, Greece. Energomache signed a contract with military junta for th but this was abolishe present Government restoration of democrac 1974.

Under the agreemen on Friday, Energoma will co-operate with German companies of mann-Rohrbau A.G. En Verfa Renstechnik an Bovari and Co.

an buying into rupp Brazil

BERT GRAHAM, MIDDLE EAST CORRESPONDENT

TEHERAN, Nov. 21.

DETAILS have been for Iran to purchase cent. stake in two subsidiaries of the German istrial group, Fried bH. for some DM250m. The agreement is o be signed in Rotter- rrow.

iow the third time that bought into parts of p industrial empire. latest purchase Iran committed itself to estimated DM1.1bn. into the financially oup. No purchase price been revealed, but in- rces estimate that Iran 00m. for the 25.04 per e in the steelworks, ttenwerke (bought in and approximately -to be paid in three the 25.01 per cent. chased last month in company.

a of buying into two zilian subsidiaries was ssed over 18 months Shah was said to be have an interest in erica and selected the most important ere. The idea was that l make a direct invest- e Government of Iran, o companies—Krupp a Campo Limpo kes forgings and cast- automotive industry) Industrias Meccanicas erais (a heavy machi-).

. the Brazilian Govern- ected to a foreign t being directly in- as the purchase will be he name of Machine This is a wholly-owned of the State industrial it organisation, IDRO. heavy machinery.

case of Industrias an additional 5 per e shares will be now joint Iranian Govern- investment company, registered in Zurich. This company is just a shell, and since it was created in 1974, it has never functioned. Although the original idea was that it should act as a means of channelling Iranian funds and Krupp expertise for ventures in third world countries. Initially when the purchase of shares in Brazil was mentioned, it was thought it would be conducted through the Zurich company.

The cash for the purchase will be paid over straight away to the parent company—unlike the staggered payment for the more costly stake in Fried. Krupp itself.

Clearly the Shah has singled out Krupp for a special relationship and both the Iranian and German sides are expecting a close long-term relationship.

In a recent interview, the Shah said he had further plans to take stakes in international companies. "This is not only good from the point of view of Iran's future but also shows that when Iran is accepted as shareholder, and a major one too, it is respected and valued by other major industrial countries." it was stated.

Machine orders fall

ZURICH, Nov. 21.

THE SWISS machine-building industry continues to experience nil growth, according to a statement issued by the Association of Swiss Machine Builders, with turnover for the third quarter of this year above Sw.Frs.3bn. but 7 per cent. lower than in the previous three-month period and slightly below the average over the past two years.

The value of new orders received, of Sw.Frs.2.95bn., was rather better than the three-year low of Sw.Frs.2.77bn. for the second quarter, with export orders accounting for an unchanged 65 per cent. of the whole.

ntracts

Britannia airways npany has bought two eing 737 jets to add to lready has, the Boeing ompany announced.

tion of a 600,000 tonne cement plant in the nd of Jamaica is to week. The plant is o cost $J60m. (£38m.) e owned 85 per cent. aican Government and nt. by the Cavendas enezuela.

ir Lines is negotiating i Arabia to airlift a nber of Far East nd cargoes to Saudi implement the Saudi onomic development e. JAL said Saudi lans to introduce a orkers from the Far East, including Japan and South Korea and to import 40,000 tonnes of goods by air over four years. JAL said the airlift project would cost over Y100bn.

● Panavia, the European company responsible for the development and production of the Tornada multi-role combat aircraft, has signed a multi-million pound contract for development and initial manufacture of the aircraft's computerised automatic test systems with Marconi-Elliott Avionic Systems, a GEC-Marconi Electronics company.

● Schweizerische Aluminium (Alusuisse) said its Alesa-Alusuisse Engineering subsidiary has been awarded a Sw.Frs.40m. contract for engineering services and material for a phosphate fertiliser plant in Iraq.

AIR TRANSPORT

Air France's replacement dilemma

BY DAVID CURRY

Indecision over collaborative aircraft development in the U.S. and Europe may open the way for BAC's One-Eleven derivative

THE FRENCH nationalised company Air France has invited the British Aircraft Corporation to submit a proposal to replace its ageing and expensive fleet of Caravelles with the 99-seat version of the BAC One-Eleven aircraft.

A BAC sales team invited by Air France to discuss the replacement of the 33 Caravelles still in service, has completed preliminary talks with airline officials. However, Air France is not in a position to be able to award contracts until the fate of the present joint venture between McDonnell Douglas of the U.S. and the French aircraft industry to re-design the Dassault Mercure airliner has been decided.

The French Government is hoping that collaboration with Douglas to build a second generation Mercure—the first generation was a total sales flop—will provide an entry into the American market. The problem is that the commercial viability of the project is doubtful. Not only has Douglas still got an independent design on the drawing board, but Boeing's 7N7 project, if it materialises, will be a much cheaper competitor while the existing 727s will be cheaper still.

If the venture with Douglas survives the problems of capital participation and non-collision with other programmes, one of the prices is likely to be the purchase by Air France of existing Douglas types to replace its 33 Caravelles.

Thus the BAC sales depends very largely on the failure of the Douglas joint venture and the most BAC can claim to have established at the moment is the position of one of the front runners among the reserves.

However, the company is more confident that Air Inter, the domestic airline, can be persuaded to buy a smaller fleet of One-Elevens.

On the face of it the One-Eleven is attractive for Air France. It is some 15 per cent. lighter on fuel than the Boeing 737, which the airline wanted to buy a couple of years ago, while the devaluation of the pound has made it significantly cheaper than its competitors. In addition, as a 99-seater it will serve Air France's low density routes and also bring it within the category of aircraft which can be operated with only two in the cockpit—the standard staffing for this aircraft.

A cheap solution to the Caravelle problem is urgent for the French airline. At the moment it operates seven aircraft types and seven power plants. The Caravelles cost heavily in maintenance and are extravagant fuel consumers at a time when fuel has risen from being 8.4 per cent. of the operating costs in 1972 to more than 20 per cent.

The airline lost Frs.354m. last year and its cost per seat-kilometre was 1 per cent. up over 1970 compared with a 10 or 11 per cent. fall at KLM and Swissair, while its flight crew are paid 30 per cent. more than the two competitors. The company reckons that the cost of policies imposed on it by the State—continued use of Caravelles, the split between two Paris airports, cheap flights to Corsica, and training for navigational officers—cost it some Frs.282m. per year.

The company expects a Frs.170m. operating loss this year shrinking to Frs.25m. in 1979, assuming that the right to operate Concorde into New York. This year it will receive about Frs.450m. in state subsidies. Depending on the growth of traffic, the airline estimates its investment to the end of the decade as between Frs.4.69bn. and Frs.5.5bn. of which the state will have to chip in to the tune of Frs.1bn. to Frs.1.6bn.

Air France aims to rationalise its fleet around four types apart from the Concorde. These are the Boeing 747, the Airbus, the Mercure 200 and the Caravelle replacement which would comprise a fleet of about 18 or 20 aircraft. While the One Eleven may make commercial sense, it would still require some political inducement to push the French Government into authorising its purchase.

That inducement could come it is suggested in the shape of the CFM-56 engine which is being developed by General Electric of the U.S. and Snecma of France for the new Mercure. This power plant, which will develop 24,000 lbs of thrust, has just completed 2,000 hours of test bench trials. Its flying test-bed is a Caravelle and it could find a place in a revised One Eleven.

Hungarian deficit 'halved'

By Paul Lendvai

VIENNA, Nov. 21.

DUE TO A 15 per cent. reduction of imports, Hungary claims to have halved its visible trade deficit during the January-June period compared with the same period last year.

According to the latest issue of Hungaropress, the deficit in trade on a rouble basis amounted to Rbs.115m. while with regard to the transactions involved in dollars it reached $272m.

According to a detailed breakdown, imports from the hard currency areas were slashed by 21 per cent. during the first half of 1976 while Hungarian exports to the same areas fell only by 4 per cent. According to the press service of the Hungarian Chamber of Trade, the restriction of imports is of a temporary character and accelerated economic growth is already reflected in the figures for the second quarter.

All important Western and Eastern trading partners were affected by the fall in Hungarian imports except for Belgium, Bulgaria and Italy. Thus West German exports to Hungary during January-June fell by 28 per cent. and British exports by 25 per cent. compared with the same period last year. Calculated in dollars, total imports were down by 15 per cent. to $2.41bn. while exports fell by 4 per cent. to $2.04bn.

Hungarian exports were badly hit by a 25 per cent. fall in farm exports and those of machinery and equipment were also down by 5 per cent. in the recorded period. In view of the growing live stock population and the rising demand in Western Europe, Hungarian farm exports are expected to rise more steeply in the future particularly from 1977.

Raw material and half finished products accounted for over half of the aggregate imports representing a value of $1.22bn. although they were also down by 16 per cent. compared to last year's figures.

Australian car imports up

BY KENNETH RANDALL

CANBERRA, Nov. 21.

JAPANESE car exports to Australia jumped 62 per cent. between September and October to 8,559, the highest figure since January 1975.

The big rise seemed to have been prompted by the Australian Government's decision to reconsider its earlier intention to lift import quotas from the end of this year. The Government last month asked the Industries Assistance Commission for an urgent report on whether the quota should be continued in the light of what appeared to be a disruptively high level of forward orders.

The Government's policy is to retain 80 per cent. of the domestic car market for local producers through a trigger tariff which raises import duty from 35 per cent. to 45 per cent. if imports exceed 20 per cent. on a moving 12-months average.

But even the higher rate of duty seems unlikely to achieve the Government's objective. The October import figures show total imports at 8,842 units.

New shipyard boosts Singapore's capacity

BY WONG SULONG

SINGAPORE, Nov. 21.

THE official opening of Mitsubishi Heavy Industries' first overseas joint-venture in Singapore to-day will make the island republic one of the largest ship repair centres in the world, after Japan.

Mitsubishi Singapore Heavy Industries or MSHI, as the Singapore venture is called, will add 400,000 dwt to the island's existing drydocking capacity of 1.3m. dwt.

MSHI, representing an investment of £32.5m., is a partnership between the Singapore Government (44 per cent.), Development Bank of Singapore (5 per cent.), Mitsubishi Heavy Industries (34 per cent.), Mitsubishi Corporation (12 per cent.) and Mitsubishi Bank (5 per cent.).

The shipyard, occupying 336,374 square metres in Jurong, on the south-west of the island, is equipped with a 400,000 dwt drydock and a 675-metre quay which can accommodate two very large crude carriers at one time.

It is the second largest yard in Singapore. The largest is Sembawang, which has two drydocks of 400,000 dwt and 150,000 dwt. Sembawang used to be Royal Navy's "finest dockyard east of Suez," and is now a Singapore Government-controlled commercial yard managed by Swan Hunter.

The MSHI project was concerned in 1971 when the international outlook for the ship-repair industry was extremely bright. Construction began on August 1, 1974, and was completed exactly two years later.

Gross turnover of the shipbuilding and repair industry in Singapore during this period grew at an annual rate of 30 per cent. to reach a peak of £105m. last year.

The prevailing gloom in the industry apparently does not worry MSHI. Through its international connections it hopes to secure a sufficient share of servicing the 20,000 ships that call at Singapore every year.

World Economic Indicators

UNEMPLOYMENT

			Oct. '76	Sept. '76	Aug. '76	Oct. '75
U.K.	000s	S.A.	1,305.5	1,319.3	1,307.4	1,165.4
	%		5.4	5.6	5.5	5.0
Holland	000s		218.8	220.6	226.6	212.6
	%		5.3	5.4	5.5	5.2
U.S.A.	000s		7,569.0	7,400.0	7,500.0	8,002.0
	%		7.9	7.8	7.9	8.6
			Sept. '76	Aug. '76	July '76	Sept. '75
Japan	000s		1,010.0	1,030.0	990.0	1,000.0
	%		1.9	1.9	1.8	1.9
W. Germany	000s		898.7	939.5	944.6	1,031.1
	%		3.9	4.1	4.1	4.5
Belgium	000s		222.9	223.1	224.5	185.9
	%		8.5	8.5	8.5	7.0
			Aug. '76	July '76	June '76	Aug. '75
France	000s		841.5	808.5	813.0	797.0
	%		3.8	3.5	3.6	3.3
			July '76	April '76	Jan. '76	July '75
Italy	000s		776.0	673.0	681.0	648.0
	%		4.0	3.5	3.5	3.3

New accounting standards has won some support

BY MICHAEL LAFFERTY

LEADERS in the accountancy profession now accept that there are varying degrees of support for different parts of the proposed new current cost accounting standard.

It is thought likely that Sir William Slimmings, chairman of the Accounting Standards Committee, the profession's rule-making body on accounting matters, will acknowledge the support when the new system is launched at a Press conference in London to-morrow week.

Some accountants and businessmen have been campaigning for the committee to go ahead only with those parts of the new system which command general approval—essentially the recommendations of the Sandilands Committee which reported in September last year.

Calls for such an approach have been made by Mr. Cob Stenham, finance director of Unilever and Professor Walter Reid, a member of the Sandilands Committee.

The Sandilands system would take account of inflation only on what are called non-monetary items in company accounts, that is stocks and fixed assets. But there has been much pressure, particularly from financial institutions, for the system to be extended to cover the effect of inflation on monetary items—the other figures in accounts—mainly cash, debtors and creditors.

Much controversy already surrounds the committee's proposals, which are a compromise between the demands of both parties. The clearing banks and at least one influential accounting academic are expected to express major reservations about the recommendations.

The banks feel that under the proposed method their profits will be overstated. They want to be allowed to deduct the losses from inflation before striking the operating profit figure in the accounts.

Their case appears to be even further weakened by the slightly revised format of the profit and loss account in committee document, which is known as ED 18.

In what appears to have been an attempt partially to meet the banks' case, the Committee first said companies should make a transfer between profits and capital of an amount which would depend on the circumstances of each company before arriving at the figure of distributable profit.

This would allow the average industrial company, which holds net monetary liabilities and therefore gains from inflation, to transfer all or part of that gain to distributable profits.

Separation of the profit and loss account into two sections—one in which profits are calculated and another in which they are distributed—with the above transfer appearing in the appropriation section only emphasises that this is a distribution, rather than the charge against profits which the banks demand.

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Consumer centres grant 'should be extended'

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A PLEA to the Government to continue financing the local consumer advice centres has been made by the chairman of Which? magazine. At times when money was short ordinary people suffering under the weight of inflation needed the help and information local centres could give, he said.

At present the Government is aiding 46 local advice centres with a grant of £1.5m. which covers initial setting-up costs and contribution to running expenses. The grant expires at the end of the financial year and finance next year may have to come from the rates support grant.

There is concern that some centres could close and the Department of Prices is believed to be trying to extend the Government grant for another year in the face of opposition from other Government departments.

Speaking at the Consumers' Association annual meeting, Mr. Christopher Zealley, chairman of Which?, said yesterday that he fully understood the pressures on Government, both local and national, to reduce spending. But he warned that many centres would be under threat of closure unless aid was available.

Sinn Fein rejects Loyalist plan

BY OUR BELFAST CORRESPONDENT

PROTESTANT parliamentary hopes that Ulster Republicans might show interest in their concept of an independent Northern Ireland have been sharply dispelled by Provisional Sinn Fein.

In the Republican News, its official publication in Ulster, Sinn Fein says the outcome of the loyalist plan would be a one-party Fascist state.

Members of the Ulster Loyalist Central Co-ordinating Committee believed the attractions of their independent Republic could win support from the Provos. They argued it would mean the end of British rule.

Sinn Fein, however, took a different view. "Loyalist paramilitaries would seize total power and deny all rights to the opposition," it says in a front-page editorial.

"Freedom of speech would be even more drastically curbed and there would be even more political prisoners in the jails. Such a plan could not possibly create peace of a just and lasting nature."

Opposition to the Loyalist proposal has also come from the Northern Ireland Labour Party which draws much of its support from Protestant working-class areas of Belfast.

Devolution within the U.K. was still the best option, its chairman said in a week-end speech.

● A civil war of "massive proportions" could break out in Northern Ireland if Britain allowed the province its independence, Mr. Airey Neave, the chief Opposition spokesman on Ulster, said at the week-end.

As soon as Britain set a date for Army withdrawal, the paramilitary forces of both Catholics and Protestants would prepare themselves in advance.

"The ground would be cut from under the feet of all those working for peace and reconciliation. Britain could not guarantee any settlement without the presence of troops."

Survey attacks £80m. State aid for Upper Clyde

BY OUR SHIPPING CORRESPONDENT

A DETAILED attack on both Labour and Conservative Governments for providing more than £80m. in an effort to maintain shipbuilding on the Upper Clyde was published yesterday by the Centre for Policy Studies.

In a study, called Upper Clyde Shipbuilders, Mr. Frank Broadway argues that salvaging Govan Shipbuilders in 1972 out of the UCS collapse and work-in has encouraged the widespread belief that "it is politically impossible for any British Government to allow any large employer to collapse and go through the normal processes of bankruptcy."

Although Govan has received nearly £60m. worth of aid since 1972 and has been allowed to take loss-making contracts this year, there has been no significant improvement in the two factors which have long jeopardised shipbuilding on the Upper Clyde—poor productivity and late deliveries.

He claims that the £80m. absorbed by UCS and Govan "has largely been frittered away in meeting losses, and has produced little in the way of productive assets."

Mr. Broadway lays some of the responsibility for the UCS experiment on the Geddes Report, which he claims was over-optimistic in arguing that Britain could increase its share of the world shipbuilding market by more than 5 per cent.

It was also "unrealistically low" in its estimates of the money needed to implement its recommendations while its hopes of trade union co-operation "proved to be largely unfounded."

The study takes a scathing view of labour relations at UCS. "Industrial disputes dissipated scarce funds and resulted in an unenviable and costly reputation for late deliveries.

"The company's inability or unwillingness to resist wage demands made the Upper Clyde an embarrassing pace-setter for the rest of British shipbuilding.

"There was none of the change of attitudes hoped for by Geddes; Clydeside traditions of pilfering and indiscipline continued unabated.

"Such minimal co-operation could hardly have persisted had the workforce not believed that the Government would always bail UCS out of trouble and preserve jobs," concludes Mr. Broadway.

Upper Clyde Shipbuilders by Frank Broadway; Centre for Policy Studies; £1.55.

Accountants attack idea of local income tax

BY DONALD MACLEAN

A FRESH ATTACK on the concept of a local income tax was made yesterday, by the Institute of Chartered Accountants.

The institute, commenting on the report of the Layfield Committee on local authority finance, published this summer, said that a locally determined income tax, as proposed in the report, was unlikely significantly to increase local accountability as desired. There would also be "substantial and practical difficulties" so that the cost would not be justified.

Its comments supported those made last week by Sir Harry Page, former City Treasurer of Manchester, who dismissed the idea of a local income tax as an alternative or suppplement to the rates.

The institute—which believes a higher proportion of local spending should be financed locally — accepted "reluctantly" that the rating system would stay, but suggested that further consideration should be given to schemes for tax credits and regional income tax.

Should the Government's devolutionary proposals lead to the creation of new authorities in Scotland, Wales and the regions of England, a regional income tax might be suitable.

To counter waste and inefficiency in town halls, available audit services should be made to work together, said the institute. Sufficient auditors were available to conduct regular investigations into the efficiency of local Government services.

"We believe that although an expanded audit service would increase costs, the savings which would result from increased audit efforts would be substantial," the Institute declared.

An independent overseer should be appointed to look after standards of district audit services and firms of accountants involved.

Rates rise 'threat to London'

Financial Times Reporter

A WARNING that rate rises next April could intensify the industrial flight from London has come from the London Chamber of Commerce and Industry.

The chamber says that rates are one of the main causes of increasing costs forcing industrial enterprises in London to look elsewhere for factory and office space. Other factors are a shortage of skilled labour, restrictions on office and factory building, and lack of Government support compared with other regions.

Commenting on the recent Layfield Committee report on local government finance, the chamber says that the reorganisation of local government has raised costs and increased the burden on ratepayers.

There has been an increase in the duplication of work done by local and central government staff, adds the chamber. It recommends a reorganised audit service to bring about a unified strategy.

The chamber broadly accepts the Layfield proposals on local income tax (LIT), because it will share out the burden of local authority finance more evenly.

But it expresses reservations about the consequences of varying rates of LIT throughout the country. Industrial migration away from the South East could be accentuated if the area finds itself more heavily taxed.

Councillors' allowance 'inadequate'

Financial Times Reporter

THE GOVERNMENT was attacked at the week-end for keeping the attendance allowances of local authority councillors below the average wage of manual workers.

"An attendance allowance is not simply something paid to a councillor for undertaking council work," claimed Sir Robert Thomas, chairman of the Association of Metropolitan Authorities.

"It is also his only recompense for the loss of earnings he incurs in serving the community in this way. The average manual worker's wage is now £71 a week. Clearly the £10 maximum payment a councillor may receive for a full day spent on approved council duties comes nowhere near this level.

"Under these circumstances it is very disappointing that attendance allowances—set at their present level in 1973—should be the only form of payment which is not to be increased in line with pay policy."

Experience of industry urged for teachers

By Michael Dixon, Education Correspondent

TEACHERS should be provided with experience of work in industry and commerce at the expense of the EEC Social Fund, according to the combined National Association of Schoolmasters and Union of Women Teachers in a document issued to-day.

It is also "realistic to argue that before young people embark on any sort of higher education course it would be helpful if they had some wider experience of the world, providing this could be arranged without prejudicing the employment prospects of the less able," the combined union said in its reply to an EEC draft report on the problems of the move from schooling to working life.

Welcomed

"In the absence of compulsory military service in the U.K. it is a desirable thing to find some satisfactory way of bringing those of higher ability into direct adult contact with the world of the less able."

Mr. Terry Casey, general secretary of the NAS/UWT, welcomed the EEC's efforts to tackle the work transition problem. He said poor motivation towards working life among older schoolchildren was troubling Continental teachers as well as those in the U.K.

"They also share our growing problem of finding satisfactory first-job opportunities for school-leavers."

Keener

Although low job-motivation is in evidence among pupils of all levels of academic ability, the combined union believes work experience provided as part of compulsory schooling could well make less able youngsters keener on studying.

The document said: "Trade unions could make a significant contribution to creating better motivation on the part of many pupils by agreeing to recognise relevant sections of school courses for the purpose of exemptions from some parts of apprenticeship and other craft training courses."

Bakers warn bread price might rise because of discounts

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BAKERS WILL warn the Department of Prices this week that if trade discounts given on bread become too big the basic price will have to go up again.

They may also tell the department that its decision last week to stop them passing on a 1p increase which was cleared by the Price Commission will contribute to another price increase by costing the industry £2m. in the next five weeks.

On top of this they might warn the Department that wheat prices could force them to apply for another increase before the end of January.

They are likely to ask for assurances that the new range of maximum prices being proposed by the department will be changed when costs go up, and that there is no question of asking them to absorb a reduction in the existing subsidy of 1½p a loaf in their profits.

The bakers are still worried that Mr. Roy Hattersley, the new Secretary of Prices, does not accept their arguments about the low profits being made in the bread industry. When announcing his decision last week not to raise the present statutory maximum retail price of 20p a loaf, Mr. Hattersley said he did not believe profits in the baking industry were unreasonably high.

The bakers say profits are unreasonably low. They are concerned that he might think they could afford to give customers bigger discounts than at present without reflecting the cost increases in their basic selling prices.

They are anxious that the proposed scale of statutory maximum prices, which will relate the maximum retail price to the size of discount the retailer gets from his baker, should not encourage shops to ask for what the bakers consider excessive discounts.

Retailers might argue that the scale of prices — proposed by the department will discourage generous discount terms. A retailer buying his bread at a discount of 35 per cent. will not be allowed to make any profit on it.

The bakers are likely to be supported in their arguments against big discounts by the United Road Transport Union, which represents their van drivers. The van drivers' earnings are related to the value of goods delivered to shops. If the average price paid for bread were to fall, so would their earnings.

U.K. group plans cheap floating oil platform

BY RAY DAFTER, ENERGY CORRESPONDENT

A BRITISH group is developing a new system of offshore oil production which could speed the exploitation of North Sea fields.

Seven Seas Engineering has designed a floating concrete structure capable of extracting and storing oil prior to loading into tankers. The unit is designed to replace costly fixed steel or concrete platforms and can be moved from field to field as reservoirs are exhausted.

Several offshore operators are looking at the concept, which has been developed by Seven Seas in collaboration with Sir Robert McAlpine and Sons, Y-ARD, Ewbank and Partners, Roxburgh Dinardo and Partners and the National Engineering Laboratory.

So far about $250,000 (£150,000) has been spent on research and development work. The Offshore Supplies Office of the Department of Energy is contributing half the research and development costs.

Mr. David Mappin, commercial director, said that the system, named Production Scotbuoy, was particularly useful for development of relatively small fields with reserves of 200m. barrels or less.

The estimated $400m. capital requirement for Union Oil's Heather Field development, for instance, could be reduced to about $300m. with a floating production and storage facility.

Financial institutions in London and Texas are having talks on the construction of structures for leasing operations.

The Scotbuoy development illustrates one of the problems facing Britain's eight oil platform builders. It is more than two years since they received an order from the U.K. sector of the North Sea.

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, November 17. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of November 18 at 11.00 a.m.
3 months 5 1/16 6 months 5 1/4

SDR1 = US$1.15403

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	186.2230	Guam	U.S. $	1.00	Peru	Sol	67.21
Afghanistan	Afghani (o)	45.30	Guatemala	Quetzal	1.00	Philippines	Ph. Peso	7.3963
Albania	Lek (m)	6.11	Guinea Rep.	Sily	22.25	Pitcairn Is.	NZ $	1.0342
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Latest thinking on the Turbo-charging of truck engines.

BY DR. MAGNUS PYKE.

"Ford are bringing out an improved turbo-charged diesel engine and they think that I can explain what's new about it and why it's better than other engines.

Most trucks have had diesel engines for the last 30 years or more.

The principle Herr Rudolf Diesel introduced, when he first heard how inefficient steam engines were, was to compress the air so tight in the cylinder that its temperature was sent up to about 800°C.

This was so hot that when the fuel was injected it ignited right away without need for a sparking plug.

A further advantage was that by running the engine like this at high pressure he obtained greater efficiency.

That is to say he got more work from each unit amount of fuel.

Turbo-charging, first applied to big marine diesels, uses part of the waste energy of the gases in an engine's exhaust pipe to run a little turbine.

This drives a compressor which forces more air into the engine's cylinder than would otherwise be sucked in by the pistons.

It gives three important advantages. The first is a more efficient use of fuel.

The second is particularly valuable: because more fuel is taken into each cylinder at every stroke, more power is obtained from the engine.

A third benefit is that because the turbo-charger compresses the air which flows into the engine, this air becomes hot, the fuel that is mixed with it burns more promptly and the engine is consequently quieter.

By fitting a turbo-charger these considerable advantages are obtained for an increase in the weight of the truck of about 100 lbs.

If the owner gets an extra 30 HP for this increase in weight (as indeed he does), he can therefore carry some tons more goods in his vehicle.

Of course to win these prizes the structure of the engine must be made strong enough to stand the extra pressure, the cooling system must be efficient enough to dissipate the extra heat which is inevitably rejected by the engine.

This is part of the Carnot Cycle (which, I need hardly add, is not a means of transport but one of the fundamental principles of thermodynamics).

And, since the turbo-charger may at times need to spin at 100,000 RPM it must obviously be properly made, adequately lubricated and precisely designed to suit the engine it is to work with.

Ford have, they say, done three things to make their Turbo II engine better than the previous model they made.

To start with, the engine has been strengthened by clamping the cylinder head down more firmly.

Next, they have taken a good deal of trouble to make sure that the cooling system works more efficiently, the thermostats do their job and the water circulates no matter what the engine is doing.

Finally, improvements have been made in turbo-charger lubrication to make it easier for the men who service the trucks and keep them in good order.

After having heard what the Ford people had to say about their Turbo II engine I felt that I knew what they were talking about.

I hope that now you do too."

Those of you who are directly involved with the transport business will obviously want to know more.

Contact your local Ford Truck Specialist Dealer. He'll be pleased to arrange a presentation of the new Turbo II engine for you.

FORD TRUCKS

National Savings rise by £53.2m.

BY DONALD MACLEAN

STRONG DEMAND for index-linked investments helped National Savings to their highest October level since 1972.

Net receipts were £53.2m., excluding undistributed interest, against £42.1m. in the previous October.

Sales of Retirement Certificates — which offer those of retirement age a return geared to the cost of living — totalled £19.1m., or £16.9m. more than redemptions. Index-linked Save As You Earn contracts brought in £5.1m. net.

Other savings channels also made important contributions to the overall inflow. The ordinary departments of the Trustee Bank took in £15.1m. more than they paid out. Current accounts in the banks rose £10.4m. and investment accounts £4.6m.

The introduction of the £100,000 monthly Premium Bond prize strengthened public interest in the Bonds, sales of which were £9.6m. higher than repayments.

With undistributed interest included the amount invested in the movement rose £91.3m. during the month to £12.221bn.

In October last year there was a rise of £69.3m. to £11.231bn.

In the first seven months of the financial year savings rose £478.4m. of which £256.7m. was accounted for by undistributed interest. In the similar period of 1975-76 there was net savings of £413.6m., of which only £194.7m. represented undistributed interest.

Index-linked investments attracted a net £132.2m. or more than half total new savings excluding undistributed interest.

—	Apr.-Oct. 1976§ R'epts	Apr.-Oct. 1976§ Re-pay-ments	Apr.-Oct. 1975 R'epts	Apr.-Oct. 1975 Re-pay-ments
	£m.	£m.	£m.	£m.
Savings Cert*	299.1	203.4	385.5	251.0
Save as you Earn:				
Dpt.Nat.S. ♥	41.9	4.6	17.4	9.0
T. S. Banks	8.7	3.8	11.2	5.3
Total SAYE	50.6	8.4	28.6	14.3
Br. Sav. B'nds &Nat DevB'ds	63.5	47.4‡	72.4	69.8‡
Premium B'ds	87.0	42.7	77.8	41.5
Nat. S. Banks:				
Ord. accs.	327.5	354.2	326.2	386.6
Inv. accs.	68.2	65.2	62.6	60.6
Total N.S.B.	395.7	419.4	388.8	427.2
Trustee B'nks				
Ord. Depts	1,737.2	1,728.2	1,873.6	1,264.6
Sp. Inv. Dps	574.7	570.3	391.2	363.2
Current accs.	1,246.0	1,212.3	665.7	543.1
Total T.S.B.	3,557.9	3,510.8	2,930.5	2,780.9
Total	4,453.8	4,232.1†	3,783.6	3,564.7†
Net Savings	+221.7†		+218.9	‡
Est. Acc'd Int.	321.6†	—	278.0	—
Int./index link'd increase paid on Certs.	—	53.6♦	—	78.8
Int./bonus paid on SAYE	—	1.3	—	2.5
Total	4775.4	4,287.0‡	4,059.6	3,646.0‡
Ch'nge in sum remain'g inv'd	+478.4‡		+413.6‡	

§ Estimated for 31 weeks. * Includes £119.5m. receipts and £20.7m. repayments on index-linked issue to date this year, and £185.8m. receipts and £8.4m. repayments for similar period last year. ♥ Includes £33.9m. receipts and £9.5m. repayments on index-linked issue to date this year, and £6.7m. receipts and nil repayments for similar period last year. † Includes £34.9m. increase on Retirement Certs. ♦ Includes £3.5m. index-linked increase on Retirement Certs. ‡ Includes bonds paid off on maturity (£16.1m. to date this year, and £27.8m. for same period last year).

APPOINTMENTS

Executive changes at Cater Ryder

Mr. Francis Hoare has resigned as chairman and managing director of CATER RYDER AND CO., following a long period of illness. Mr. E. D. D. Ryder has been elected chairman of the Board in succession to Mr. Hoare, and Mr. R. T. Paice has become deputy chairman. After 42 years' service, Mr. T. L. Hopkins, a managing director, is to retire on December 31. Mr. H. A. Browmsey and Mr. G. B. A. Dare, directors, have been made managing directors, and Mr. Andrew K. Brown and Mr. P. G. Cairns, assistants to the directors, have been appointed directors. Mr. B. Lorkin has been appointed assistant to the directors.

★

Mr. V. G. Williams has been made deputy chairman of WHEATSHEAF DISTRIBUTION AND TRADING. Mr. J. M. Lunn has been appointed a director. Mr. A. J. Clement will become group managing director on July 1. Mr. E. Aylett Moore, currently chairman and managing director, will continue as executive chairman after that date.

★

CHESTER BARRIE: The chairman, Mr. Myron Ackerman, is relinquishing the day-to-day management of the business and becomes non-executive president. Mr. Stanley Berwin is made non-executive chairman. Mr. Robert MacEwen, presently a director, will act as chief executive, with Mr. Ivor Carolis as deputy chief executive.

★

Mr. Alan Turner has been appointed managing director of CRUSTEEL, a subsidiary of Colt Industries, Crucible Steel Division, U.S. This appointment follows a reorganisation group following the depa[rture of] the previous managing [director] Mr. Barry Pearson, to Crucible's tube mill at E[...] in the Netherlands.

★

Mr. Andre L. Scaille[...] foreign exchange dealer London branch of the NATIONAL BANK OF C[...] has been appointed [...] president.

★

Mr. Jeremy Martin, [who re]cently resigned as a director of St. Martins [...] Corporation takes up a[n execu]tive appointment with [...] REALTY, INC., New Yo[rk on] December 1.

★

Mr. David M. Wharrie, [...] director, AGB Research, [has been] appointed a director [of RE]SEARCH SURVEYS OF BRITAIN, a subsidiary.

★

Mr. Norman Chism[...] [pre]viously director of sales, [has been] appointed director of [...] GENERAL AUTOMATION [in suc]cession to Mr. Dick Wil[...] has left the company. [...] director of sales is Mr. Ge[...] Walker, who has been [...] from national technical manager.

★

Mr. J. E. Axisa h[as been] appointed a director of [...]TION (LONDON BROKE[RS)].

★

Mr. A. Bradburn h[as been] appointed a director [of] Limestone, Withers L[...] Holme Park Lime, and R[...]son, the companies co[mprising] the Carnforth Division of [...] INDUSTRIES.

Builders plan identity cards

Identity cards may be issued to building industry scaffolders, entitling men to employment in one of three grades of skilled scaffolding work.

The construction employers' scheme will be discussed with the unions on Wednesday at a Building and Civil Engineering Joint Board meeting.

The cards are similar to those issued to building sub-contractors by the Inland Revenue.

Midlands pubs face beer crisis

MANYS PUBS and hotels in the Midlands expect to run out of beer by to-night after a week-long strike involving transport engineers at Allied Breweries, Burton-on-Trent, Staffs.

The brewery has been unable to deliver any Double Diamond and Skol. Mr. Mick Quirke, the brewery's liaison officer for Derbyshire, Notts and Lincs, said: "We are anxious [...] Monday night many ba[rs] running out of beer."

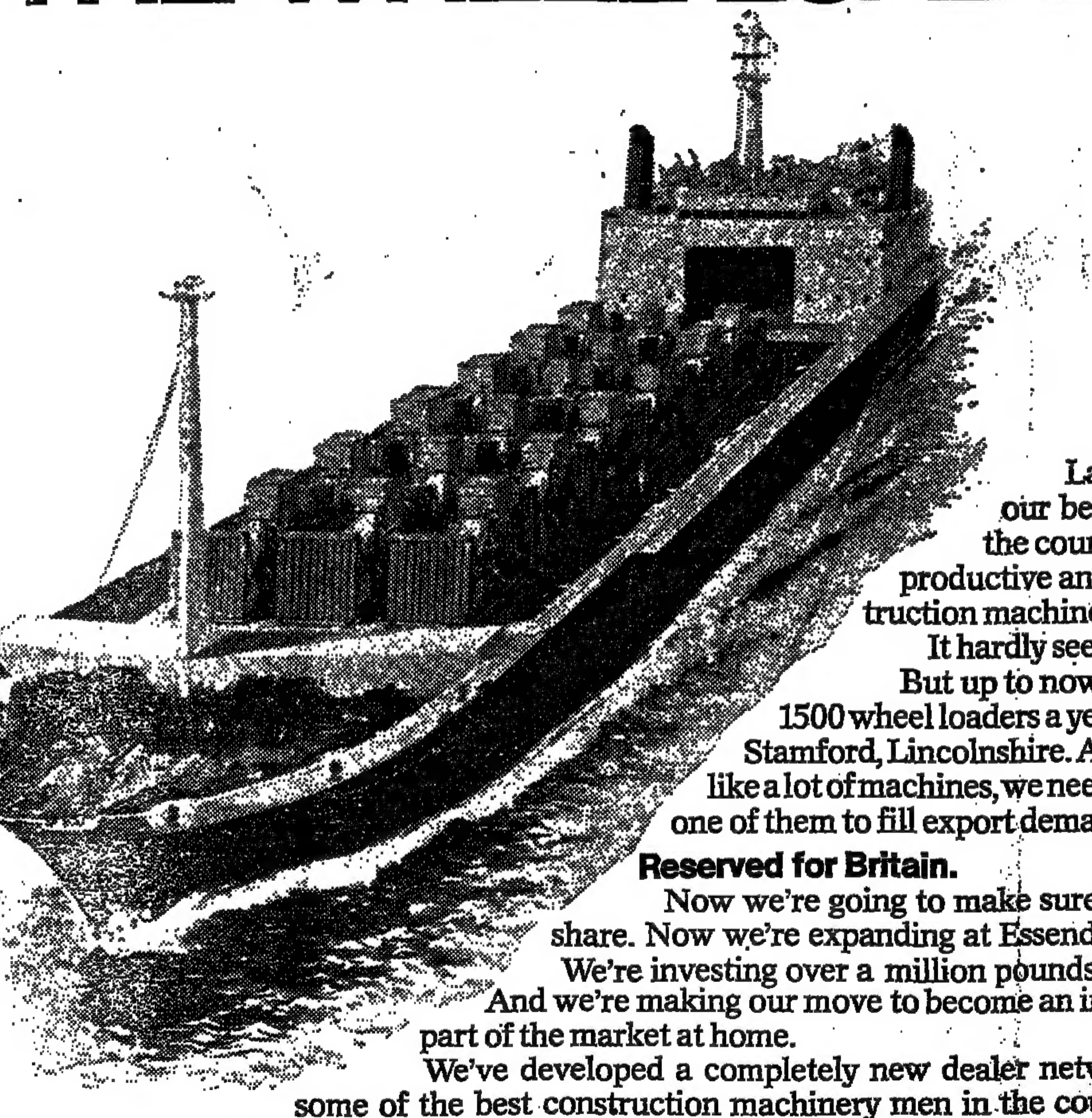
Foundryme[n] start short t[ime]

MORE THAN 150 worke[rs in the] moulding and foundry [depart]ments at Parker Fou[ndry,] Derby start a four-day [week on] Friday because of sho[rtage of] work. All 570 worker[s at the] plant will have overti[me cut] to a "minimum" becau[se of a] general shortage of bu[siness in] the steel-casting industr[y].

Bypass to a[...] Retford cen[tre]

OPENING a £1m. northe[rn relief] road should ease traffi[c in the] town centre of Retfor[d] from to-morrow. The town, on the old Gre[at North] Road, the A1, has for m[any years] had one of the most [congested] town centres.

IT'S TIME WE STOPPED THE WHEEL LOADER DRAIN.



Last year, some 1500 of our best wheel loaders left the country. 1500 of the most productive and most reliable construction machines in the industry.

It hardly seems fair.

But up to now Fiat-Allis only built 1500 wheel loaders a year at Essendine, near Stamford, Lincolnshire. And even if that seems like a lot of machines, we needed practically every one of them to fill export demand.

Reserved for Britain.

Now we're going to make sure that Britain gets its share. Now we're expanding at Essendine.

We're investing over a million pounds to increase capacity.

And we're making our move to become an important, permanent part of the market at home.

We've developed a completely new dealer network. From now on, some of the best construction machinery men in the country will eat, drink, talk, sell and service Fiat-Allis. And only Fiat-Allis.

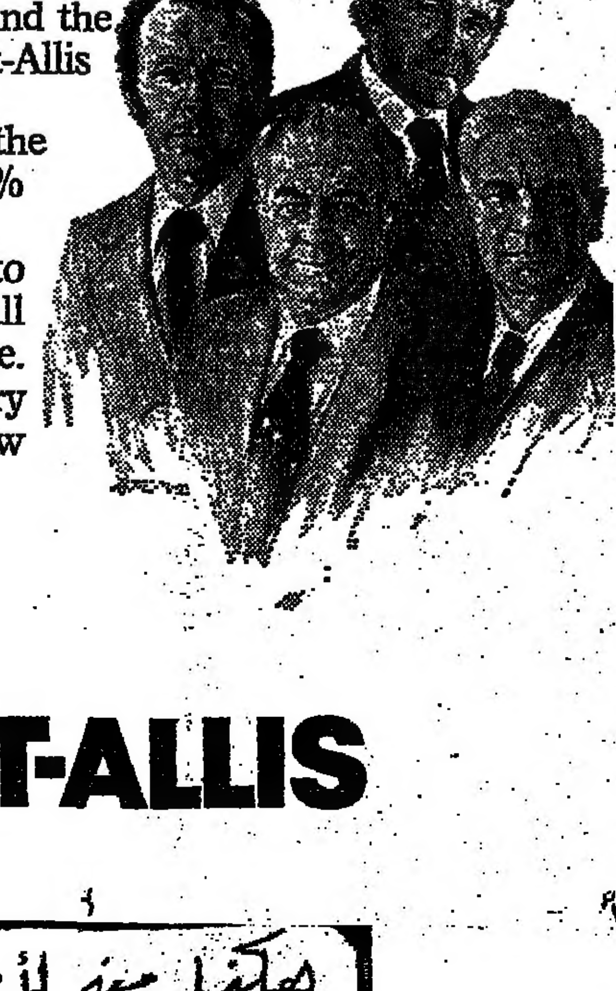
The goal: 20% of the market.

They're going to handle the entire Fiat-Allis line, the line that makes Fiat-Allis a leader in Europe. The crawler machines you probably already know. The complete wheel loader line we build at Essendine. The new hydraulic excavators. And the big dozers and scrapers that have earned Fiat-Allis five continents' worth of reputation.

These men already know their goals for the next five years. Their definition of success is 20% of the domestic market.

We're giving them everything possible to achieve that goal. Not just the machines, but all the parts and service back-up that you require.

Which means that we're giving you every possible reason to listen to what your new Fiat-Allis team has to say.



David Dunn, Jack Laurie
William R. Selwood, Ltd.
Withens Road
Haydock, Lancs.

Neal Davies
Leonard Lang, Ltd.
Brooklands Industrial
Park Weybridge, Surrey

Harry Fieldhouse
Fieldtrac (Scotland) Ltd.
G.H. Fieldhouse Plant (N.I.), Ltd.
860 Antrim Road
Temple Patrick, N.I.

FIAT-ALLIS

COMPANY NOTICES

THE IMPERIAL COLD STORAGE AND SUPPLY COMPAN[Y]
(Incorporated in the Republic of South Africa)

ICS

PRIVATE PLACING AND RIGHTS OFFER [OF] UNSECURED DEBENTURES

Union Acceptances Limited is authorised to announce that the r[esolutions] proposed at the meetings held on 19 November 1976 were duly passe[d by the] ordinary and preference shareholders of the Company. Accordingly th[e] placing of the undermentioned debentures by Union Acceptances Li[mited on] behalf of the Company has been successfully concluded.

(a) 3 572 000 14% series A unsecured debentures 1987/1996 of [...] ("series A debentures").

(b) 6 428 000 13.5% series B unsecured compulsorily convertibl[e deben]tures 1987/1996 of R1 each ("series B debentures").

Application has been made to the committee of The Johannesbu[rg Stock] Exchange ("JSE") for primary listings for the series A and series B d[ebentures] above from 1 March 1977, if fully paid or in the March or September [...] following their becoming fully paid.

The Company is now proceeding with a rights offer of series B debe[ntures to] those ordinary shareholders of the company who were not offered partic[ipation in] the abovementioned private placing. Series B debentures will be offere[d at par] (i.e. R1 each) to the ordinary shareholders concerned registered at the [close of] business on Friday, 26 November 1976, in the ratio of 35 series B d[ebentures] for every 100 ordinary shares held.

Application has been made to the Committee of the JSE for primary listings for

(a) The nil paid renounceable letters of allocation in respect of t[he series] B debentures which are the subject of the rights offer from 29 November 1976 to Wednesday, 5 January 1977 and

(b) The series B debentures subscribed for in terms of the ri[ghts offer] from Thursday, 6 January 1977.

The nil paid renounceable letters of allocation and series B debent[ures will] not be listed on The Stock Exchange, London, but may be dealt in u[nder Rule] 163(1)(E) of the rules and regulations of that Stock Exchange.

The salient dates of the rights offer are:—

Last day to register for rights	:	Friday, 26 Novembe[r]
Listing of nil paid renounceable letters of allocation commences on the JSE	:	Monday, 29 Novem[ber]
Last day for dealing in nil paid renounceable letters of allocation on the JSE	:	Wednesday, 5 Janu[ary]
Last day for splitting nil paid renounceable letters of allocation	:	Wednesday, 5 Janu[ary]
Listing of series B debentures commences on the JSE	:	Thursday, 6 January
Last day and time for lodging and payment (in South African currency only)	:	18H30 (S.A. time) Friday, 7 January [1977]
Debenture certificates posted	:	Friday, 28 January [1977]

Details of the rights offer will be contained in a circular and, whe[re applic]able, a letter of allocation which will be posted to ordinary sharehc[lders on] Friday, 3 December 1976.

UNION ACCEPTANCES [LIMITED]
(Registered Merch[ant Bank)]
A MEMBER OF THE NEDBANK [GROUP]

22 November 1976

6½% FUNDING LOAN 1985-1987
and
6¾% TREASURY LOAN 1995-1998

Bonds to Bearer

The Bank of England give notice that new COUPON sheets will be available on and after the 4th January 1977 in exchange for TALONS. Listing forms for talons are obtainable from the Loans Office, Bank of England, 1 & 2, Bank Buildings, Princes Street, London, and talons should be presented there for exchange by Authorised Depositaries on behalf of the holders, from the 22nd December 1976. Talons should not be presented through the post.

Authorised Depositaries are listed in the Bank of England's Notice EC 1 and include banks, stockbrokers and solicitors practising in the United Kingdom.

22nd November 1976.

LONDON BRICK COMPANY LIMITED
NOTICE IS HEREBY GIVEN that—

1. The Transfer Books and Register of Preference Stock will be closed on 3rd December 1976.
2. The Transfer Books of the 14% Convertible Unsecured Loan Stock 1984 will be closed on 3rd December, 1976 for the preparation of the Interest Warrants payable on 15th January, 1977.

BY ORDER OF THE BOARD.
H. D. HOWE,
Secretary.

Registrars—
The General Agency & Trust Limited,
Granby House,
95, Southwark Street,
LONDON, SE1 0JA.

CLASSIFIED ADVERTISEME[NT] RATES

	Line Per £
Industrial & Business Premises	3.30
Wanted	3.30
Residential Property	1.00
Appointments	3.30
Business & Investment Opportunities	
Corporation Loans, Plant & Machinery, Production Capacity	4.00
Education, Motors, Contracts & Tenders, Personal, Gardening	3.00
Hotels & Travel	2.75
Book Publishers	-

Premium positions available ([...] single column cm. extra ([...] size 40 column cms.).

For further details write [to:] Classified Advertisement Ma[nager,] Financial Times, 10 Cannon Street, EC4P 4[BY].

CORPORATION LOANS

Peterborough City Council Bonds

A minimum of £10,000 **14%**

A minimum of £1,000 **13½%**

2-3 years

City Treasurer, Town Hall, Peterborough PE1 1HQ

Telephone: 0733 63141 ext. 316

مكبرة من الأصل

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

	Title	Venue
....	Wholesale Buyers' Gift Fair (cl. Nov. 25)	Mount Royal Hotel, W.1
....	Camping Trade Fair (cl. Nov. 24)	Harrogate
5	Computer Peripherals and Systems Exbn. and Conf.	Wembley Conf. Centre
Dec. 5 .	Custom Car Show	Olympia
Dec. 2 .	Electronic Displays Exhibition and Conf.	Mount Royal Hotel. W.1
....	Royal Smithfield Show and Agric. Machinery Exbn.	Earls Court
....	Offshore International Exhibition and Conference	Nat. Exbn. Centre, B'ham.
....	Unit Load Show	Wembley Conf. Centre
Jan. 9 .	Camping and Motor Caravan Exhibition	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

	Title	Venue
....	International Technical Fair (cl. Nov. 27)	Stockholm
....	International Optical Fair (cl. Nov. 28)	Brussels
6	Clothing Textiles Trade Fair	Frankfurt
8	Electrical and Electronic Exhibition	Singapore
0	Intl. Fair of Machine Tools and Ind. Equipment	Tehran
Dec. 1 .	Electronic Industry Production	Munich
9	Swiss Furniture Fair	Basle
Dec. 4...	Industrial Heating Trade Fair	Dusseldorf
....	Dakar International Fair	Dakar
....	International Woodworking Exhibition	Brussels
....	Canadian Construction Show	Toronto
....	Industry and Urban Pollution Control Exbn.	Paris
....	Video Exhibition	Geneva
9	International Caravan Show	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

	Title	Venue
....	W. D. Scott: Org. and Methods (cl. Dec. 3)	Swindon
....	NEWSTEC Conf. and Exbn. (cl. Nov. 25)	Metropole Centre, Brighton
....	Urwick: Prod. Man. in Construction (cl. Dec. 10)	Slough
....	ICFC: Capital Transfer Tax and Small Businesses	Nat. Exbn. Centre, B'ham.
5	Bradford Univ.: Forecasting for Managers	Heaton Mount, Bradford
5	Method Dev.: Work Study Appreciation	Leeds
5	IEE: Aircraft All-Weather Operations	Savoy Place, W.C.2
....	Inbucon: Industry 1977—Action for Growth	Europa Hotel, W.1
....	Imp. Coll.: Linear Programming in Acc'ting & Fin.	Exhibition Road, S.W.7
....	BACIE: The Employment of Young People	Kennington, Oxford
....	MTC: Supervisors and Managers Employment Law	Leicester
....	BOTB Export Dynamics Conference	Barry, Glamorgan
Dec. 1...	Inst. Chtr. Accts.: Partnership Tax Planning	St. John's Hotel, Solihull
Dec. 3...	Roffey Park: Basic Accounting for Managers	Horsham, Sussex
Dec. 6...	P-E Cons. Group: Maintenance Management	Training Centre, Egham
Dec. 1...	European Institutional Investor Conf.	Savoy Hotel, W.C.2
....	IBA: Democracy in Industry	Royal Lancaster Hotel, W.2
Dec. 1...	Weisweiller: Politics or Economics	Café Royal, W.1
....	ESC: Finance and Credit for Industry	Cumberland Hotel, W.1
....	Metals Soc.: The Human Factor in Plant Operation	Royal Garden Hotel, W.8
....	MCE: International Finance Conference	Geneva
....	Frank Jefkins: Planning Press Relations	Connaught Rooms, W.C.2
....	Assoc. Certified Accountants: Insolvency	Hotel Russell, W.C.1
....	Tax & Prprty. Serv.: Moving Funds Around Europe	Inn on the Park, W.1
....	G. K. Tutorial: Balance Sheet Analysis Seminar	Post House, W.2
....	City University: Issues and Mergers	Gresham College, E.C.2
....	Euro Study Confs.: Tax Reform in the U.S.	London Hilton, W.1
....	Brunel Univ.: Recent Devs. in Economics	Uxbridge, Middlesex
....	Kepner-Tregoe: Decision Making for Senior Man.	Royal Bath Htl., Bournemouth
....	RIIA: Iran 1980-85. Dev. Problems and Challenges	Chatham House, S.W.1
....	Staniland Hall: Five-year Business Forecasts	Carlton Tower, S.W.1
....	ICMA: Inf. Accounting and Co. Reports	Midland Hotel, Birmingham
....	Financial Times, Petroleum Times, Society for Underwater Technology, Institute of Petroleum, Ocean Energy; Oil in Deeper Waters	Birmingham Metropole
....	Marketing Imp.: Managing People	Ulster House, N.W.1
....	Br. Shippers': Carriage of Dangerous Goods by Sea	Café Royal, W.1
....	IPS: Subsidence in Residential Property	Royal Lancaster Hotel, W.2
......	BACIE: Producing Training Packages	Crest Motel, Beaconsfield
......	Financial Times and Investors Chronicle: The Economic Outlook—1977	May Fair Theatre, W.1
......	Inst. Careers Officers: Unemployed Youth	York University
......	Matchett: Prod. in Home and Export Markets	Leeds
......	IPM: Employment Law	Park Court Hotel, W.2
......	Harry Mitchell and Partners: Motivation	Beeston, Notts.
5	PBIS: Procurement	London Press Centre, E.C.4
7	Computer Power: Prog. for Data Base DL/1	Cannock, Staffs.
5	Financial Times and Investors Chronicle: Inflation Accounting: The Proposed Standard	Royal Lancaster Hotel, W.2
....	Henley Centre: Exchange Rate Movements to 1981	Carlton Tower, S.W.1
......	LAMSAC: Computers and Environmental Health	Leicester
......	Leicester Poly.: Computing and People '76	Leicester
....	Man. Trng. Cons.: Successful Supervision	Richmond Hill Hotel
....	BIM: Man. Accounting for Non-Fin. Managers	Parker Street, W.C.2

Parliamentary business in the Lords

...rcraft and Shipbuild- ... Health Services Bill, ... n Bill, consideration ...ons messages.

...: Consideration of ...s messages.

...: State Opening of ...nt (11.30 a.m.), ...ment until 3.30 p.m., ... Humble Address will ...d.

Thursday: Debate on the Address—economic and home affairs.

Tuesday (Nov. 30): Debate on the Address—economic and home affairs.

Wednesday (Dec. 1): Debate on the Address—defence and foreign affairs.

Thursday (Dec. 2): Farm Amalgamations (Variation) Scheme 1976. Farm Structure (Payments to Outgoers) Scheme 1976—motion for approval. Debate on 47th report of the European Communities Committee on a European Export Bank. Debate on the 39th report of the European Communities Committee on measuring systems for liquids other than water.

SELECT COMMITTEES (Meeting in public next week)—Thursday: Expenditure (Trade Industry sub-committee) on Fishing Industry.

...K'S FINANCIAL DIARY

...ollowing is a record of the principal business and financial engagements during the ... Board meetings are mainly for the purpose of considering dividends and official indicatons ...ailable whether dividends concerned are interims or finals. The sub-division shown below ...ainly on last year's time-table.

TO-DAY

MEETINGS—

...Components, Cardiff, 11.45

...Gold Fields, Dorchester Hotel

..., Keighley, 11.30

..., Sheffield, 12

...EETINGS—

... General Securities

...r Industries

... Industrial

...Distillers

...nstruction

... & INTEREST PAYMENTS—

...is Trust, 0.4p

..., 0.8125p

...ments, 0.8375p

..., 2.75p

..., 2.02p

...5¼pc Red. 78-80, 2⅝pc

...469p

...ndish, 0.975p

...74p

...neering, 2.1212p

...als, 0.59681p

TO-MORROW

MEETINGS—

...Pits, Bath, 12

...undry and Eng., Sheffield, 12

...EETINGS—

...more and Chicago Regional Trust

...ision Services

...tment Trust

... Balfour

...ewspapers

...nd

...nal Investment

...as and Whitson

...aper

... & INTEREST PAYMENTS—

...ics, 3.46543

... Tools Debs. 2½, 3½ (82-87).

...ics, 0.8p

...dstein, 0.8p

...ct., 14.4p

..., 1.351p

...SDAY, NOVEMBER 24

... MEETINGS—

...opments, Edinburgh, 12.

...gham, 12.30

...h, High Holborn House, ... Holborn, W.C., 12

...nes), Whitefield, Manchester,

...dlacre, Nottingham, 3

...EETINGS—

...arketing

...ment Trust

...lanks

...udley

...zd)

...elopments

...ment Trust

...ods

...tries

... & INTEREST PAYMENTS—

...Bds. Red. 24.11.76. £5.9717

...11.5cts.

...¾pc Bds. Red. 24.11.76.

...11¾pc Bds. Red. 24.11.76.

...eum Br. Bds. 69-80. 2½pc

...Proprietary, 14 cts.

...1¾pc Bds. Red. 24.11.76.

...re 11¾pc Bds. Red. 24.11.76.

Clydebank 11¾pc Bds. Red. 24/11/76. £5.9717
Crewe 11¾pc Bds. Red. 24 11 76, £5.9717
Dumfries and Galloway 11¾pc Bds. Red. 24/11/76. £5.9717
Eaton, 50cts.
Ellesmere Port 11¾pc Bds. Red. 24/11/76. £5.9717
Gateshead 11¾pc Bds. Red. 24/11/76. £5.9717
Grimsby 7pcBds. Red. 18/5/77. 3½pc
Halstead (James), 0.325p
Hill (Charles) of Bristol, 2p
Huntingdon 11¾pc Bds. Red. 24 11/76. £5.9717
Lothian 11¾pc Bds. Red. 24/11 76. £5.9717
Nithsdale 11¾pc Bds. Red. 24/11/76. £5.9717
Northavon 11¾pc Bds. Red. 24/11/76. £5.9717
Rockware, 1.3168p
Rotherham 11¾pc Bds. Red. 24/11 76. £5.9717
Royal Bank of Canada, 34½cts.
Sandwell 11¾pc Bds. Red. 24/11/76. £5.9717
Sheffield 11¾pc Bds. Red. 24/11/76. £5.9717
South Tyneside 11¾pc Bds. Red. 24 11 76. £5.9717
Strathclyde 11¾pc Bds. Red. 24 11 76. £5.9717
Suffolk 11¾pc Bds. Red. 24/11/76. £5.9717
Sutton 11¾pc Bds. Red. 24 11 76. £5.9717
Tameside 11¾pc Bds. Red. 24/11 76. £5.9717
Tilling (Thomas), 1.82p
Walker (C. and W.) 1.4p. Do. 5.25pc Prog. Pf., 2.625pc
Wandsworth 11¾pc Bds. Red. 24/11/76. £5.9717
Winn Inds., 1.04p
Wirral 11¾pc Bds. Red. 24/11/76. £5.9717
Wolverhampton 11¾pc Bds. Red. 24 11/76. £5.9717
Wombwell Foundry and Eng'g., 0.7375p

THURSDAY, NOVEMBER 25

COMPANY MEETINGS—

Dolan Packaging, Knutsford, Cheshire, 12
Ductile Steels, Willenhall, 3
Great Universal Stores, 20, Aldermanbury, E.C., 12
Ingall Industries, Birmingham, 12.30
Maynards, Vale Road, Finsbury Park, N., 11
Silverthorne Group, Cheltenham, 11.30
Slimma, Hotel Inter-Continental, Hyde Park Corner, W., 12
Unochrome, Cheltenham, 12

BOARD MEETINGS—

Finals:
Akroyd and Smithers
Brockhouse
Gleeson (M. J.) (Contractors)
Proprietors of Hays Wharf
Speedwell Gear Case
Wingate Investments

Interims:
Brady Industries
Dawson International
Dykes (J.)
Exchange Telegraph
Flight Refuelling
French Kier
Lee Cooper
London and Midland Industries
MK Electric
Renold
Renwick
600 Group
Vernon Fashion
Whitbread Investments

DIVIDEND & INTEREST PAYMENTS—

Barratt Developments, 4.72855p
Beckman (A.), 3.2113p
Bronx Engineering, 0.762p
Dewhurst (I. J.), 0.725p
Greater London 12½pc 1982, 6¼pc
Ingall, 1.013p
Norsk Hydro, N.Kr.7.2
Pressac, 1.6423p
Rowan and Boyden, 0.5p
Supra, 0.3125p
Tweefontein Utd. Collieries, 20cts.

FRIDAY, NOVEMBER 26

COMPANY MEETINGS—

British Car Auction, Farnham, Surrey, 12
British Industrial, 119-127, Marylebone Road, N.W., 12
Change Wares, Winchester House, E.C., 12
The Charities Property Unit Trust, 10, St. James Sq., S.W., 12
Countryside Properties, Winchester House, E.C., 11

Lake and Elliot, Churchill Hotel, W., 12
Lyles (S.), Ossett, 12
Malayalam Plantations, 1-4, Great Tower St., E.C., 11
Macallan-Glenlivet, Craigellachie, 11.30
Newman-Tonks, Birmingham, 12
Wades Departmental Stores, Sheffield, 12

BOARD MEETINGS—

Finals:
Fourth City and Commercial Inv. Tst.
Plaxtons (Scarborough)
Stag Line

Interims:
Anderson Strathclyde
Cropper (James)
Rediffusion
Spink and Son

DIVIDEND & INTEREST PAYMENTS—

Alliance and Dublin Consmrs. Gas Cons. Ord., 4.837p
Altifund Income, 2p. Do. Capital, 0.1p
Automated Security, 0.1825p
BTR, 3.25p
Change Wares, 2.17066p
Christies Intl., 1p
Collett Dickinson, Pearce Intl., 1.3935p
Copeland 11¾pc Bds. Red. 1 6.77. 5 11/16pc
Crane Fruehauf, 0.495p
Cumbernauld and Kilsyth 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Dundee 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Early (Charles) and Marriott (Witney), 0.315p
East Lindsey 11¾pc Bds. Red. 1/6 77. 5 11/16pc
English and Caledonian Inv., 0.65p
Erith and Co., 1.78p
Exeter 11¾pc Bds. Red. 1.6 77. 5 11/16pc
Farnell Electronics, 1.3932p
Gough Brothers, 0.89p
Grattan Warehouses, 1.65p
Green's Economiser, 2.12p
Havant 11¾pc Bds. Red. 1/6.77. 5 11/16pc
Hiltons Footwear, 1.155p
Hunting Associated, 1.25p
International Combustion, 0.325p
Inverclyde 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Inverness 11¾pc Bds. Red. 1/6 77. 5 11/16pc
Ipswich 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Jersey Electricity A Ord., 4p
Jove Inv. Tst. Income Shs., 1.625p
Kensington and Chelsea 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Kent (M. P.), 1.3p
Kettering 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Kyle and Carrick 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Lliw Valley 11¾pc Bds. Red. 1/6/77 5 11/16pc
Lochaber 11¾pc Bds. Red. 1/6/77. 5 11/16pc
London and Montrose Inv. Trust, 3.5p
London and Strathclyde Tst., 0.8125p
Manchester 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Martin Black, 2p
Maynards, 3.606p
Mid Bedfordshire 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Mole Valley 11¾pc Bds. Red. 1/6/77 5 11/16pc
Mollins, 2p
Newbury 11¾pc Bds. Red. 1/6/77. 5 11/16pc
North Bedfordshire 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Northamptonshire 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Oldham 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Pearson (S.), 2p
Plymouth 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Prestwich Parker, 2.1875p
Renfrew 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Salisbury 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Sandwell 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Sedgemoor 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Senior Engineering, 0.5225p
Silverthorne, 1p
Southampton Isle of Wight Royal Mail Steam Pkt., 3p.
Strathclyde 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Streeters of Godalming, 1p
Sunderland 11¾pc Bds. Red. 1/6 77. 5 11/16pc
Unochrome Intl., 0.2p
Wades Departmental Stores Ord. and A Ord., 1.1786p
Wandsworth 11¾pc Bds. Red. 1/6/77. 5 11/16pc
Ward White, 0.5p
Whittington Engineering, 1.625p

SATURDAY, NOVEMBER 27

DIVIDEND & INTEREST PAYMENTS—

Lanarkshire 9½pc Red. 76-78. 4¾pc
Macallan-Glenlivet, 2.74055p

SUNDAY, NOVEMBER 28

DIVIDEND & INTEREST PAYMENTS—

Gosport 12½pc Bds. Red. 25/5/77. 6¼pc

LABOUR NEWS

Jones supports measure to raise low wages

BY DAVID CHURCHILL, LABOUR STAFF

DEMANDS for the Government to press ahead with controversial measures to help to improve the wages of low-paid workers have come from Mr. Jack Jones, general secretary of the Transport and General Workers' Union.

Mr. Jones told a union rally in Newcastle over the week-end that among "the greatest and most important measures in the Employment Protection Act" were the sections due to come into force at the beginning of January to eliminate low pay.

Schedule 11 of the Act extends to the whole of industry a principle in the 1946 Fair Wages Resolution, which covers only workers engaged in Government contracts, allowing all workers to claim pay rises to bring them in line with the "going rate" for their industry and area.

This section of the Act has been described by employer organisations, including the CBI and Engineering Employers' Federation, as "irresponsible and inflationary." In particular, the CBI fears that the new measures will enable serious breaches to be made in the present pay policy.

Mr. Jones, architect of the present pay guidelines, warned the union movement to be on its guard to ensure the measures were enforced.

"We should search out the low pay employers and make sure their position is corrected quickly," he said.

"Low wages breed inefficiency and it is high time that employers who exploit low-paid workers are forced to pay reasonable wages, both for the benefit of the workers concerned and the health of the economy as a whole."

Mr. Jones also repeated his view that there should be an orderly return to free collective bargaining from the end of next year "so as to ensure that the minimum wage levels are improved and a decent standard of living is afforded to workers in industry, even those who are doing the fetching and carrying and other routine jobs in our society."

The Transport Workers' leader re-affirmed his faith in a Labour Government to tackle the problems of low investment, inefficiency and lack of planning.

There was only one way out of Britain's difficulties and that was to continue the alliance between the trade unions and Labour Government.

"This is the path of realism springing from an awareness of the real problems facing the British people."

Miners begin early retirement talks

BY OUR LABOUR STAFF

CRUCIAL TALKS on the National Union of Mineworkers' claim for early retirements by next year are to be held in London to-morrow with the threat of a damaging strike if they fail.

In the morning, the union's executive will meet to formulate a clear demand for a move towards early retirement based on the NUM conference call for retirement at 60 from next January.

Union leaders will then take this demand to a special meeting with the National Coal Board. It is expected that they will be given alternative proposals, less than the union's claim which the NCB says is too expensive.

The proposals put forward by both sides may also be presented to the TUC's economic committee to determine whether they breach the pay policy.

The union executive are due to meet again on December 1, when it is expected they will give the go-ahead for a pit-head ballot on the issue.

The majority of moderate miners' leaders on the executive are believed to oppose a bitter confrontation with the NCB and Government over early retirement, but they are bound by the unanimous conference decision. The NCB estimates that the cost of meeting the conference resolution in full, with a lowering of the retirement age to 55 by 1980, would be prohibitive.

The NCB also estimates that the cost of meeting the retirement pension would be about £100m. over the next two years and believes it would be difficult to recruit and train sufficient recruits to replace the 20,000 miners now aged over 60.

● About 1,400 miners at Gedling Colliery, Nottinghamshire, are threatening to walk out to-day if the NCB reinstates a pit deputy suspended for allegedly fighting with a trainee miner.

The deputy was reinstated after his own union had threatened an overtime ban

Murray tells workers to fight racialism

BY OUR LABOUR STAFF

MR. LEN MURRAY, TUC general secretary, yesterday attacked the "disease" of racialism in industry and society and appealed to all trade unionists to fight racialist attitudes vigorously.

Speaking at a mass rally in Trafalgar Square, London, yesterday, jointly organised by the TUC and Labour Party, Mr. Murray said it was right for trade unionists to oppose racialism and discrimination openly.

He urged all union members to remember the two basic cornerstones of the union movement—brotherhood and solidarity. "We have always to be on guard against those who would divide us in their interests."

The TUC would try to establish an equal opportunities clause in all union-management agreements. "We will go on with that sort of work until the day there is none to do."

Interference in vote claim

ALLEGATIONS that the North London film-processing company Grunwick Laboratories was trying to interfere with a secret ballot on union recognition were made yesterday.

Mr. Roy Grantham, general secretary of the Association of Professional Executive, Clerical and Computer Staff (Apex) said that a pay increase to staff was intended to influence the voting in favour of the company.

Overtime ban urged to save town hall jobs

DELEGATES at a special conference of the National and Local Government Officers' Association in London in January will be recommended to take industrial action to save jobs.

They will be asked to approve a national executive council motion demanding that the Government abandons public spending cuts and changes its economic policies.

Branches will be urged to ban overtime where there are "positive redundancy proposals" and encourage members to refuse to undertake duties attached to vacant posts.

Co-operation with other unions and regular consultations with employers on the effect of proposed reductions in manpower and services are also proposed.

Job survey to avert pay differential disputes

BY OUR LABOUR STAFF

A JOB evaluation exercise is being carried out among more than 30,000 technicians and engineers in the electricity supply industry in at attempt to stave off disputes over pay differentials.

The scheme, which is due to be finalised by the middle of next year, would not lead to extra pay rises due to the restructuring because it had not been agreed in detail before the pay policy came into force.

The Department of Employment last week confirmed that it had allowed a job evaluation scheme for about 2,000 white collar workers at Massey-Ferguson, giving rises of up to £20 a week in some cases, to go ahead.

The reason was that it had been agreed in both principle and considerable detail before the pay policy was introduced in August last year.

S. Telegraph hit by dispute

PRODUCTION of the Sunday Telegraph was disrupted by an industrial dispute yesterday.

The newspaper's management said that 300,000 copies were not distributed "because of a dispute involving members of Natsopa night machine Chapel

Limits to Britain's food output

By JOHN CHERRINGTON, Agriculture Correspondent

THOSE WHO believed that entry to the European Common Market would mean the green light for the expansion of British farming have been sadly disillusioned. In the face of Community over-production of the main livestock products and the lack of sufficient land area, the resources and opportunities for increased British farm output are distinctly limited.

The United Kingdom imports some 40 per cent. of its temperate foods requirements while West Germany, with a comparable industrial economy, imports only 30 per cent. of temperate foods. The National Farmers' Union has been underlining this fact when pressing for a devaluation of the "green pound" which would boost farmers' incomes. The NFU claims that without this extra cash, farmers lack the incentive to invest in methods giving the higher production called for in last year's White Paper "*Food from our own Resources.*"

The White Paper, produced by agreement between the NFU and the Ministry of Agriculture, called for a considerable increase in milk and lesser increases in beef, grain and sugar. In the event, milk output will probably be on target in spite of the drought, beef will fall away, and grain and sugar have suffered from two very bad harvests. This could be a basis *for questioning just how reliable* the British climate is for food production at its most intensive.

A direct comparison of the farming efficiency of Britain and Germany can only be approximate, but it does appear that Germany's self-sufficiency in food is a reflection of an increased acreage of arable land. Every one of the 60m. inhabitants of the Federal Republic can call on the production of 0.3 acres of cropping *land while the U.K.'s 54m.* people only have 0.22 of an acre a head to sustain themselves. This extra land, which amounts to 6m. acres, is what makes all the difference. In the circumstances, British farmers have nothing to be ashamed of in producing only 60 per cent. of the temperate food we need.

In terms of grassland, Britain is on the face of it slightly better off with 17.7m. acres of temporary and permanent grass compared with Germany's 13.2m., but much of the permanent grass is not of very good quality nor are the 16m. acres of rough grazing. A direct comparison of grassland output is difficult except to say that total German cattle stocks are approximately the same as those in Britain, but with a bigger proportion of dairy cows — 5m. to 3m. In Germany there are few sheep.

Good land

In 1975 German output of grain was 19.5m. tonnes against the U.K.'s 13.6m. tonnes: for milk 21,000m. litres against 13,300m. litres.

These figures do not altogether illustrate that West German farming is more efficient *than that of the U.K.* In many ways, such as output per cow and per man or per unit of capital invested, it is inferior. But the greater proportion of productive land in Germany is crucial, and it is this that determines the proportion of food that can be grown there. It is our shortage of good land which makes the task of growing more in the U.K. correspondingly more difficult.

The White Paper concentrated on the opportunities for dairying, underlining the point that herds in the U.K. are the largest in Europe and that much of the climate is suited to grassland production. This is perfectly true. But cows do not live on grass alone: they *need* supplementary feeds of grain-based concentrates to bring out their full potential — or they can be fed large quantities of fodder crops such as turnips and mangels.

It is possible to have a very high output using grass either grazed or as fodder. But the more intensively grassland is farmed the more problems develop. It is quite true, as the White Paper pointed out, that U.K. use of nitrogen is well below the optimum possible, but the handling of the subsequent crops requires the greatest skill. All-grass dairying on New Zealand *lines* would be possible, and in fact is practised in Ireland; but with it production of milk would probably fall. It is no accident that most of the high-yielding herds in the country are also *heavily fed with concentrates* based on concentrated feeds, both home-grown and imported.

There is another serious problem about milk. It is already in serious oversupply in the Community. The latest statistics indicate that production will be 10 per cent. above demand for at least the next few years. It is quite true that at to-day's costs of production, U.K. milk is probably produced more cheaply and this, it is claimed, will give farmers a competitive edge over the other Market members. But the rest of the Community regards the EEC as one market and will expect the British to share whatever costs are imposed to clear the surplus. So although U.K. farmers may do all right when full parity with European prices is achieved, it is doubtful if the competitive power of British dairying will be able to put the others out of business, which is what competition is about.

During 1974-75 the *U.K.* was just about self-sufficient in beef and veal, a very remarkable achievement and the direct result of the increase in cattle during the previous three or four years. It did not last for several reasons. The most important was that the country was overstocked and it is only now when numbers have fallen by nearly 750,000 head that the national herd can be properly fed.

Here another factor enters the equation. Because of greatly increased prices over the last 12 months, consumption has fallen. The Meat and Livestock Commission forecasts a drop of 10 per cent. Were it not for intervention buying, subsidised private storage and exports largely to the Continent, beef would be a drag on the market. The whole beef situation is highly confused because of the effects of the Monetary Compensation Amounts (MCAs) on inter-Community trade caused by monetary instability. The MCAs make exports and imports possible between the most unlikely member states whose real costs vary widely.

The European beef market is maintained at its present level by intervention, particularly in Germany, and it does not seem that there will be scope for any real increase in production unless the public can be induced to buy more. There is also a considerable difference between what the British have traditionally classed as first class beef and what the Europeans prefer. In general it can be said that the British system is based on steers and heifers reared especially for the butcher, and most of the continental system is based either on cows which have finished their milking or breeding life, or veal or young bulls.

Fresh pork

Most of the best British beef is too fat for European *butchers, but it absorbs more* resources in its production than do cows which have another function, and the shorter lived veal calves and bulls. Beef produced in Britain by traditional means is probably the least efficient converter of feed into human food. It is doubtful if its production can increase.

Unlike the beef animal, the pig and the chicken are efficient producers, none better. We produce 100 per cent. of the fresh pork needed and about 43 per cent. of bacon and ham—the balance coming mainly from Denmark and Holland.

This should provide scope for increased production particularly if the distorting effects of the MCAs on the bacon trade could be removed. At present they are worth about £7 per pig to the Danish farmer against what the factory can pay his British counterpart. But it is all too clear that the consumer is learning to do without bacon and ham. Since 1971-72 consumption has fallen by about 28 per cent. Both we and our *Danish suppliers have suffered* from this fall in demand which will most certainly remain even if the MCAs are removed and there is equality in trade.

There has also been a reduction in pork consumption of about 18 per cent. The pork market is almost entirely home reared and production is only just marginally profitable at the moment. There seems to be little likelihood of maintaining even to-day's market if selling prices rise. So any expansion at present would be tantamount to commercial suicide.

The same applies to poultry, meat and eggs where supply and demand are very much in balance, as they are on the Continent. Given a sufficient supply of compound feeds, which are available, there is no bar to increasing output of either pigs or poultry which at present amount to 20 per cent. of total U.K. farm output. But the wisdom of doing so remains very doubtful especially as the same self-sufficiency occurs in the rest of the Community.

However, our competitors there have the advantage that their production is usually concentrated on the smaller farms where family labour takes the place of employed workers. When it comes to the crunch the family farm, particularly for livestock, is usually able to stand competition from anyone.

For arable crops, U.K. farming has advantages. Holdings are usually bigger, but on the other hand the Europeans have in general better land and a more suitable climate. The prices fixed in the Community for cereals are probably the weakest part of the Common Agricultural Policy. They are so high that they have encouraged farmers with suitable land to specialise in cereal production and this has meant that the consequent costs of grain for animal feed have been too high to encourage efficient low cost pig and poultry production on the *British model.*

Comfortable

On the other hand, the very high prices for grain do act as a barrier to over-production of livestock products. They have also meant the use, particularly in Germany and in Denmark, of fodder roots like potatoes and beet to replace grain particularly for pig and cattle feeding. The trouble is that the scarcity of labour in the British system makes the development of fodder feeding on this continental model unlikely.

It is possible that cereal production will increase in the U.K. as more and more farmers realise, as they have done in parts of France, that the best recipe for a comfortable life is the mechanised production of grain without the worries of livestock management. But any increased acreage can only be at the expense of grass or other crops and most of the climatically favoured areas are already converted to this sort of production. It is also possible that yields which have stuck on a plateau for the last 10 or 15 years could make another breakthrough, which could reduce the amount of cereal imports at present running at 6m. to 8m. tonnes annually.

Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CLUBS

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Building and Civil Engineering

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... Borough Council ... £600,000 contract for ...s in two- and three-...ses and a two-storey ...ed persons flats.

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... continuing its major ... at Heathrow and has ...ed a contract worth ... by the British Air...ority covering the ...d extending of Pier 5 plus the construction of five gaterooms to serve Terminal 3.

The length of 170 metres of the existing pier is to be widened from 6 metres to 12 metres to accommodate passenger conveyors and the pier will be extended by a further 160 metres at the increased width. A second pair of passenger conveyors will be included in the extension.

Work is being carried out under the direction of BAA Engineering Director, D. M. G. King. Architects are Frederick Gibberd and Partners and consulting engineers G. H. Buckle and Partners.

Edwardian facade preserved

SUBSTANTIAL extensions and alterations to Audrey House in London will be done by Wates Construction for Electricity Supply Nominess under a £2.4m. contract.

Won in hard competition it is scheduled for completion in 118 weeks and requires 40,000 square feet of new building and 26,000 square feet of refurbishment—including underpinning the foundations and restoring the Edwardian facade of the eight-storey office block.

A new basement at the rear will have a contiguous bored pile retaining wall. Building work will be steel framed, with part reinforced concrete flooring and part metal decking with a concrete topping.

An estimated 2,810 cubic metres of earth will be excavated, 1,711 cubic metres of concrete poured and 68,920 tons of steel reinforcement used. Architect is Richard Ellis and consulting engineers Andrews Kent and Stone.

New town's factories

CONSTRUCTION has begun of Denbigh Hall advance factory units for Milton Keynes Development Corporation, by John Mowlem and Co.

Tender figure is £1,532,601 and there will be 20 units arranged in three blocks, providing 181,400 square feet industrial accommodation on a site adjacent to the A5, north of Bletchley and about four miles from the M1 (junction 14).

Units range in size from 4,720 square feet to 27,840 square feet. The scheme has been designed by the Corporation and the three steel-framed single storey buildings will have internal two-storey office accommodation and will be centrally heated. Dates for completion will be phased between August and December, 1977.

Advising on procurement

AN INTERNATIONAL procurement and supply service, designed to provide the answer to any procurement management or supply problem in the construction and other industries, has been introduced by Bovis Construction (P and O Group).

The solutions it can offer range from the secondment of a single skilled manager to fulfil a temporary need up to a complete diagnosis by a team of experts. The service can also assist a client in setting up his own procurement and supply department and provide the management to run it.

The service is being run from Bovis House, Northolt Road, Harrow, Middx.

River Ouse pipeline to Leeds

CONSULTING engineers Mander, Raikes and Marshall have been appointed by the North Central Division of the Yorkshire Water Authority to undertake the design and contract administration for the River Ouse abstraction scheme.

This is one of several schemes being implemented by the Regional Water Authorities to lessen the chances of water shortage occurring in future years at times of drought.

River intake works will be constructed at Moor Monkton near York and water will be conveyed through a 900mm. diameter underground pipeline over a distance of 28½ kilometers to the existing Eccup Reservoir on the outskirts of Leeds. The pipeline will traverse several main roads including the A1, in addition to crossing the River Wharfe and the York/Harrogate railway line.

Initially, high lift pumps at the intake works will enable a flow of 68 tcmd to be achieved, but provision will be made for the insertion of a booster station to enable the pipeline's capacity to be increased to 136 tcmd in the future.

Design of the works and detailed surveying of the pipeline route will be started immediately.

Tenders will be called for this massive scheme, the total cost of which could be in the region of £8m.

Complicated rail job

...EMENTATION Construction will build an underbridge for British Rail at Ockendon under a £314,000 contract.

The reinforced concrete abutments and pier are to be constructed in cofferdams beneath the existing track and the new steel and concrete two-span deck will be prefabricated and rolled in. The works are preliminary to a motorway project in the Grays (Essex) area. Contract period is 52 weeks.

Big jobs to Rush and Tompkins

CONTRACTS WORTH a total of £5.65m. have been awarded to subsidiaries of Rush and Tompkins.

Three of the contracts worth £1,689,000, have gone to Rush and Tompkins, south-east region. The biggest, valued at £1.1m. is for Debenhams and involves the erection of a new goods receiving area and general refurbishment of existing office areas at Wimpole Street, London.

The two other contracts are for the construction of a four-storey block of 28 flats for older persons for the Raglan Housing Association at Gresham Road, Brixton, London, at a cost of £375,000 and a £214,000 contract for the erection of staff accommodation at Baker Street, London, for London Transport Executive.

Rush and Tompkins Scotland has secured two contracts worth £2.33m. The largest, valued at £2.1m. is for a new chain store at High Street, Paisley, for the Littlewoods organisation.

£6¼m. housing to be built by Wimpey

MORE THAN £3m. worth of dwellings are to be erected in Nottingham by the George Wimpey organisation. There will be 334 of them in the Snape Wood Phase 2 development at Bulwell.

Most of the structures will be in the Wimpey "No-Fines" technique and comprise 184 two/three-bedroom houses and 118 one-bedroom flats.

There will be a community centre and several other types of dwellings, including some for the larger families.

Another Nottingham contract is for the Ashfield District Council for the modernisation of 170 pre-war council houses and it will cost £738,000.

Leicester City Council, pursuing the Beaumont Leys development has placed a £2½m. contract, the second in the project to construct a New Town off the northern edge of the City of Leicester which will ultimately house 40,000 people.

Leys Area 6 describes the new contract, which is for a large number of two-storey houses and flats, predominantly in No-Fines.

The first contract, placed 15 months ago was for 406 dwellings in this project.

LNG plant pipeline

RAYMOND INTERNATIONAL will be installing intake and discharge ducts for cooling water at an LNG (liquefied natural gas) plant at Arzew, Algeria, under a newly-awarded £6m. contract with Sonatrach—the Algerian Government-owned petroleum company. Bechtel Corporation is Sonatrach's construction manager.

The project will draw on Raymond's experience in designing and constructing LNG facilities and installing large underwater concrete pipelines.

The contract is to instal prefabricated concrete conduit sections in seawater up to 50 feet deep. The buoyant prefabricated concrete sections, which weigh up to 2,000 dwt and are up to 131 feet long, will be towed from a nearby casting plant to the project and submerged.

Once the sections are connected by gaskets, they will form continuous intake and discharge lines which will allow the transfer of cooling water to and from units 1 and 2 of Sonatrach's gas liquefaction plant number one, located on the Algerian coast in the Mediterranean Sea.

Laing's £3m. for big superstore

SAVACENTRE, a new name in "one-stop" shopping, is coming to Washington, Tyne and Wear, where John Laing Construction, north-east region, has won the £3m. contract to build the 151,000 square feet superstore.

Work has just started on the development which will occupy a prime position in the new town's central area, adjacent to the galleries shopping precinct, where a second phase is to be started within the next few months.

Savacentre is a new company registered earlier this year jointly by British Home Stores and J. Sainsbury. It will offer the established wares of both organisations, plus a wide variety of other goods, direct to the public, taking direct delivery from manufacturers and permitting favourable discounts as a result.

The Washington unit will be the company's first such development when completed next November. A second is expected to open later next year at Hempstead, Gillingham, Kent, and others will follow at strategic points around the country, including Reading.

IN BRIEF

● Bovis has been appointed to complete the Reading Magistrates Courts and other building work previously being carried out by David Charles Construction. The contract is valued at approximately £250,000.

A £190,000 contract to fit out Blackburn House, Hanley, Stoke-on-Trent, has also gone to Bovis from W. A. Blackburn, of Coventry.

● Chesterfield construction firm J. A. B. Short has won orders worth more than £2m. to build houses in Derbyshire and Nottinghamshire. It will provide 135 houses in Chesterfield and a further 102 at Kimberley in Nottinghamshire.

● Wrekin Construction Company, Shifnal, Shropshire, a member of the BET group of companies, has received contracts totalling more than £1½m. These are for a bridge in Gwynedd, road construction in Staffordshire, and two sewage works extension schemes in Cheshire.

● Darlington Borough Council has awarded a £½m. contract for 56 dwellings at Rise Carr, Darlington, to Shepherd Construction. Method of construction is traditional with solid ground floors, brick and block walls and tiled roofs.

● As an aid to standard practice and to improve safety methods, a guide to users has been published by the Suspended Access Equipment Manufacturers' Association. It deals with the use of cradle and similar types of equipment specifically designed for working on the external facades of buildings when carrying out maintenance or window cleaning. Copies available at £3 from the Association, 82 New Cavendish Street, London W1M 8AD.

...t Chad project moves ahead

...Donald and Partners, ... engineers of Can... a member of MRT ... Engineers, is to ... design and super... ...construction for the ...e of the South Chad ...roject in Nigeria.

...ineering work is ...o cost in excess of ... involves 67,000 acres ... 122,000 acres overall ...t planned for the ... Eastern areas of the

The works covered by the new appointment include the design of project authority facilities such as extension of the township roads, stormwater drainage, workshop extension, provision of major stores, potable and garden water supplies including treatment plant and distribution systems, and design and supervision of telecommunications including a local telephone system.

The appointment also covers the design and supervision of additional plant for the New Marte power station, extension of the local electricity distribution system, pumping plant, and deepening by dredging of the main feeder channel from Lake Chad, and the design of three pump stations, an irrigation and drainage conveyance system and infield works including land levelling.

In addition to the detailed design work involved, the consulting engineers will advise the Chad Basin Development Authority on the need for carrying out air surveys, other special surveys and investigations and model tests.

...re power for tidal schemes

... the tides around ...oasts are an ever-...l inexhaustible source ...ust like the sun and ...officialdom in Britain ... be taking very little ... using this source of ...g power, bearing in ...ritain has little scope ... hydro-electric power ...ted sense of the term. ... a result of the ...euphoria, this shallow ... not accepted by a ...f industry groups ...erned at the limited ...llocated to a number ...ntly unco-ordinated studies in this area, have set up a tidal barrage "club" under the name of Tidal Energy Engineering Group (TEEG), which will seek to examine possible sites and systems in depth.

Several professional engineers have joined in forming TEEG which is spearheaded by Engineering and Power Development Consultants, for some years involved in tidal engineering studies both in Britain and overseas.

Closely associated with this work is the Civil Engineering Department of the University of Salford.

Consultants to TEEG are Sir William Halcrow and Partners and advice will also be provided by the group studying tidal power problems at the Civil Engineering Department of Bristol University.

Resources of the British Hydromechanics Research Association will be used, as well as those of other organisations, to look into specialist aspects of tidal schemes.

TEEG has the ability to manage and co-ordinate the disciplines needed to carry through a major undertaking such as a large barrage across a major estuary—the Severn or the Solway—would be.

...OLOGY

...raulic ...vator

...CT result of Massey-... acquisition of Hano-...years ago, is a new ... of earthmoving ... first of which is the ...LC (long carriage) ... excavator, now ...y the company.

... 17 tons, it is powered by a Perkins 6.354 diesel, which has been downrated to a governed maximum speed of 1,800 rpm, producing 81 bhp. This means the engine is cruising at its optimum pace for fuel economy, while providing full hydraulic power for all movements.

Maximum travel speed is 1.7 mph, and the machine will negotiate a maximum grade of 80 per cent. Track shoe width ranges from 24 to 36 inches to give a minimum ground pressure of about 3.9 psi.

There are 16 basic buckets and grabs available, up to 1 cu. yd. capacity. Maximum breakout force is 28,880 lb with the 5 feet 8 inches dipper stick. A crane hook can be fitted if required, providing the machine with a maximum lift capacity over the idlers of 7,300 lb at 24 feet radius (long dipper stick without bucket).

In-cab operating noise is 85 dB(A) with window and door open.

More from Massey Ferguson, Banner Lane, Coventry (0203 465211).

Aiding the designers

SIA IS using "Moss" to help the South Eastern Road Construction Unit study interchange and roundabout design for the Staines section of the M25.

Initially "Moss" was developed by a consortium comprising Northampton, Sussex and Durham County Councils for the representation of land surfaces, both natural and man-made, for use in highway design. It enables models to be built of complicated interchanges and roundabout as well as producing the fine detail necessary for small improvements and resurfacing works. All these models can then be processed by the computer within one system, a major advantage for highway engineers. Other design uses include surveying, mapping, contouring and information handling.

As basic concept is that all engineering features can be described by break lines because of their angular nature, and the line or feature that occurs at the intersection of two models may be computed at an "interface string." Areas (for example of land acquisition, drainage catchments) may be extracted as plan or surface areas by constructing a "Boundary String" and volumes may be computed by the merging of two models.

SIA on 01-730 4544.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Ambulance switches the lights to green

SPOTTER equipment able to identify an appropriately equipped emergency vehicle—ambulance, fire engine, police or military unit—400 metres away, is being developed on Government behalf according to Mr. B. M. Cobbe, assistant chief engineer with the Department of the Environment.

Identification by the device means that it can then switch nearby traffic lights to green in time to allow the vehicle, which is on an urgent mission, to drive through unhampered and without the danger to inattentive drivers and to the emergency service that the present practice of jumping the lights presents.

Microwave transmitters on the vehicles and receivers on the traffic lights are the key to the system which has been code-named EVADE.

According to Mr. Cobbe, the Achilles heel of the present traffic light controllers with their loop detectors is the ease with which they can be damaged during road works. The possibilities of making "indestructible" loops are being examined and a good deal of work is going on in optoelectronics and micro-waves for these and other traffic control uses.

Lead fume problem solved

WORK ON the development of a filter that will trap large amounts of the lead now emitted by vehicles using higher octane fuels has progressed so far that Associated Octel is now in a position to quote a fair approximation of cost and is making prototypes at a pilot plant at Swinton, near Manchester.

Octel has been closely associated in this work with Texaco and was already close to success when the most recent oil crisis put such a strain on Government planning for the progressive reduction in the amount of lead additives, in line with European proposals already partly implemented in Sweden and West Germany, that the whole programme was put into abeyance.

Thus commercial production of the filters is not planned before the early 1980s.

This is the time at which the Government will reconsider the matter and then it will have two options. Either it will have to require producers to cut the amount of lead, or it will have to require car makers to fit appropriate filters.

Reducing the amount of lead means that for a similar performance consumption rises and so usage of crude from home or imported sources would have to be raised—by £80m. a year it is calculated.

Octel suggests that the filter approach is more logical. It would add £10 to the price of the car, but this would include a cover which would be longer-lasting than the normal silencer system, since the filter itself outlives the latter.

The basis of the filter is a steel wool mesh coated with aluminium trihydrate and impregnated with sodium phosphate or potassium carbonate.

It does not affect performance and it will also clean out of the exhaust gases carbon particles and other particulate materials which are the ingredients of vehicle smog. It also is suitable for diesel exhausts.

Further details from the company on Milton Keynes 0908 72611.

● SAFETY IN MINES

Predicting rock bursts

SCIENTISTS and mining engineers in South Africa are intensifying their search for an early warning system on rock bursts, one of the most-feared dangers in the gold mines.

The deeper mining has penetrated, particularly on the Far West Rand (where some mines approach operating depths of 3,600 metres) the greater the hazard has become.

However, according to Rulan Heunis, head of the joint Anglo American Corporation/Chamber of Mines rock burst research project at Western Deep Levels, the world's deepest mine, says that the mining industry has considerable room for optimism that it is on the right path of predicting seismic events.

Real strides in rock burst investigation have been made with the advent of electronic and information processing technologies, particularly in the last decade. In the Western Deep Levels project an improved automatic seismic location system capable of detecting and recording the smallest of seismic disturbances that occur in the mine was developed. Using 15 highly sensitive geophones in strategic positions underground and linking these through an extensive cable network to a seismic processor and mini-computer on surface.

The geophones monitor and record the arrival times of any seismic wave and transmit this to the processor. In turn the information in digital form is fed into a seismic location programme operated by the mini-computer which then calculates and pinpoints the seismic event.

Many rock bursts are preceded by rock noises—known to gold miners as "rock talk"—generated by the highly stressed rock in the vicinity of an impending failure zone. Previous research work at Western Deep Levels had suggested that if these noises were monitored rock bursts in some cases might be predicted up to one hour in advance.

A sophisticated detection system continuously transmits FM signals through 68 kilometres of co-axial cable to a central recording station where they are stored on magnetic tape for analysis by computer. This detection system is also proving useful in the delineation of dykes, the geological anomaly that is the most important single cause of rock bursts.

By sending high frequency strain pulses into the surrounding rock, recording the reflected signal and applying suitable processing techniques it is proving possible to detect dykes some distance ahead of the workface. This possible means of enabling mining engineers to "see" what lies ahead is under cautious evaluation.

Up to 100 mine-wide measurements can be made at short intervals in every 24-hour span;

● COMPUTERS

Multi-micro from U.K. company

LAUNCHED BY Transdata, Havant-based terminal maker, is the CX400, a multi-micro diskette-based general purpose processor aimed at the systems houses and the OEM market.

Machines are built up from a number of compatible electronic elements: a communications processor, floppy disc processor, shared random access memory, disc drive, power supply and mounting hardware.

Each of the processors is based on the Intel 8080 micro and a basic CX400 also has 2k of ROM, 2k of RAM, 8k of addressable memory and one diskette drive. There are four interface ports with programmable protocol and these are designed for a wide variety of peripherals and communications devices. For example, communications processors operating at up to 9600 baud can be attached, or up to four serial matrix printers or VDUs, or a mixture of these can be connected.

The interconnecting bus is designed to accept additional processor units as well as further memory modules—the latter is expandable to 32k.

Programming is in Intel Assembly language and Basic will be available by mid-1977. Since the protocol is programmable, users can simulate the IBM 2741 and 3270 and the CX400 can be built into a very flexible terminal.

In the communications area it can operate as a communications concentrator. Users can bring in say, three lines operating at different speeds and pump the data out at 9600 baud.

More on Havant 6556.

● PROCESSES

Phosphate fume cut

PYROCLEAN 1101 is a foaming powder designed for the elimination of steam and fumes from phosphating solutions, in particular from large static phosphating tanks normally associated with the wire and tube drawing industries. The maker says it can be used safely on all phosphating systems.

Initially, it is added at a rate of up to 2 per cent. to a new solution to produce a stable foam blanket—it may be necessary to agitate the solution to produce the foam layer. Maintenance additions are then made as necessary to ensure a satisfactory blanket.

The powder is marketed in 50 kg sacks by Pyrene Chemical Services, Ridgeway, Iver, Bucks., SL0 9JJ (0753 651812), a Brent Chemicals International Group company.

● PERIPHERALS

Logs many channels

DESIGNED and manufactured in the U.K. is the Aepex S10 programmable data logger, for which the company has high export hopes.

The master control unit can accept both analogue and digital inputs and can control up to 16 satellites, each with a capacity of 200 channels—a total of 3,200 inputs.

Acting as gathering centres for data the satellites are connected to the MCU by a single cable and can be remote or local.

Control is from a crystal clock which can display date and time and there is integral battery back up which ensures there is no loss of data on mains failure.

The last scan of any channel is held on solid state store and output of the machine is on a matrix line printer with 16 ch/line and a printing speed of 20 lines/sec. There are four alarm levels per channel and the alarm scan speed is 50 ch/sec. The system is keyboard-programmed. More from AEP International, Norris Road, Staines, Middx. (Staines 57571).

Cartridge disc unit

CONTINUING its policy of manufacturing as much equipment as possible in-house, including peripherals, Data General has announced a new moving head cartridge disc store.

Allowing mixed cartridge disc/diskette configurations, it can also be dual ported for shared disc use. Compatible with the company's Nova and Eclipse computers the equipment with single drive, integrated power supply, controller and cabling is priced at about £7,000 (ten megabytes). For 20 Mbytes the price becomes £12,772. Deliveries will be starting this month.

The new cartridge subsystems, available up to 40 Mbytes, are supported by all the Data General real-time operating systems including mapped and unmapped versions of RDOS, the disc-resident multitasking operating system. More from Westway House, 320 Ruislip Road East, Greenford, Middlesex (01-578 9231).

● METALWORKING

Sawing by electric discharge

BELIEVED TO be the first of their kind in the U.K., electric discharge sawing machines from Mitsubishi—Ekomix, of Japan, are to be marketed by W. E. Norton (Machine Tools).

Any metal can be cut by the process, but its use in this country is likely to be confined to the exotic high strength refractory alloys, such as those used in aircraft gas turbines.

Several advantages are claimed for the machine. Compared with a bandsaw, cutting is very fast—for example, a cut that would take up to 20 hours on a bandsaw can be completed in two hours with electric discharge sawing. The heat affected zone is said to be less than 0.5 mm. deep, and the mechanical load of the saw on the workpiece is not more than 500 gr. This means that thin walled pipe can be cut without difficulty.

Briefly, the process consists of drawing a mild steel band 1mm thick by 10mm wide across the workpiece. This saw blade acts as a negative electrode, while the workpiece is positive. The work area is sprayed with a solution of sodium silicate and water.

The band is brought into contact with the workpiece, and a discontinuous arc discharge occurs as the dielectric solution breaks down. As the band is moving, the arc duration is only about 0.1 to 0.5 milliseconds. Operating amperage is about 600A and voltage about 35 V. The machine requires a three-phase supply and incorporates its own transformer.

Made by Mitsubishi, the first machine in the U.K. will be the DCO 350 HS, and will cost about £45,000.

More from the agent at Dove House Farm Industrial Estate, Orgreave Close, Sheffield S13 9NP (0742 697341).

● INSTRUMENTS

Check for terminals

A PAIR of test sets has been introduced by Nolton Communications for checking and maintaining terminal equipment and data communication systems.

Model 1608 will check terminals and modems: it provides direct access to the line from the keyboard or from the 191 character buffer store, data acquisition using the buffer store, comparison testing to detect data errors and supervisory monitoring using a built-in V24 interface. It can also be used as a data source. There are displays for received and transmitted data and facilities for monitoring, controlling, comparing and transmitting five, seven or eight level characters.

The other unit, 1609, is a fully programmable microprocessor-based instrument for testing synchronous terminals and data links. Employing eight bit technique with a kilobyte of RAM and programmable ROM, the unit will test or simulate terminals and modems with synchronous CCITT V24 or EIA RS232C interface. For systems checking, the protocols used can be reprogrammed into the test set for use at any future moment and programmable protocols may be inserted via the keyboard. Nolton is at Fieldings Road, Waltham Cross, Herts. (Waltham Cross 33555).

Gyroscope test unit

A RIG designed by Smiths Industries to test its own gyroscope-based products is now being marketed generally.

The "1950/ITE" includes a programmable rate table, three and single-phase variable frequency power supplies and a Solartron frequency response analyser for measurements. These are controlled by a Tektronix programmable calculator unit and are interfaced to an interconnecting bus through appropriate circuits.

Four rate gyroscopes can be tested at the same time (or 16 with additional switching) and a printed record is produced of characteristics such as motor current, run-up times, hysteresis, linearity, scale factors, stop setting, and axis alignments. Dynamic responses assessment is also possible.

Smiths claims cost savings by the use of the system, which can reduce unit testing time by a factor of five. More from the aviation division at Cricklewood, London NW2 6JN (01-452 3333).

● HANDLING

Conveyor noise cut

SOUND DEADENING techniques which can be applied to many vibratory conveyors have been developed by Driver Southall, Villa Street, Hockley, Birmingham B19 1PY (021-523-6413).

One technique, which involves forming the trough of a conveyor from an aluminium and stainless steel laminate, has achieved on average 4 to 5 dB reduction in noise levels, claims the company. Similar success has been

● EXHIBITION

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The Executive's and Office World

EDITED BY JOHN ELLIOTT

:n Davies outlines a method by which the difficulty of measuring productivity of draughtsmen and designers could be overcome

Drawing office values

?TS TO improve the vity of draughtsmen igners by using tradi- work study methods ıcceed because it is dif- measure the amount of effort that goes into a It is equally hard to e final product and most s resent having their camined by outsiders. ' some drawing offices rted to use a broader e which is claimed to effective.

atest method is known : improvement and it ı staff participating in ways to avoid waste and ıse productivity. By in- everyone, some draw- :es have managed to : their draughtsmen's e to work study tech- and they have also the pitfalls of certain organisation and operations.

niques

past some companies ıodern measurement ıs to quantify—within e limits—the more draughting work. But ce the results could applied as standard r drawing produced. ıghtsmen were quick ciate that they could eir productivity simply cing the same design pieces of paper. This increase either their e-contribution or their e in work study. Their for the work study er dwindled accor-

indsight, these difficul- be attributed primarily to the work study man's con- scientious efforts to apply crude techniques in a complex area to achieve an inappropriate objec- tive. For it is not necessarily a greater number of cheaper pieces-of-paper containing draw- ings that are wanted. Nor is it possible to be sure of increased efficiency by making the aver- age draughtsman spend a greater proportion of his time actually pushing a pencil.

Within the context of creative and highly technical work, where the would-be improver of productivity may be accused of being penny-wise and pound-foolish, planning must go beyond the single, negative objective of cost reduction. What is needed instead is an organised approach to securing the maximum value from the resources employed.

Like work study, value improvement uses techniques of work investigation and assessment, but these are subservient to the main aims, which are to help the drawing office to fulfil its prime functions more effectively—and to minimise any waste of its resources. Often the key to success lies simply in making people aware of potential improvements in the functions of creative design, communication and information storage.

For example, the product designer who concentrates on functional efficiency may underrate the manufacturing problems and consequent cost inherent in his design. Inadequate storage and retrieval systems can also often result in the waste of office time of expensive people.

The experience of one company, which was suffering from high costs, falling sales, broken delivery dates, and a shortage of skilled technical staff, illustrates how a value improvement programme may be applied. The first requirement of the programme devised for the company was to secure the involvement of the staff themselves, whose own experience and ideas usually outweigh the contribution of an outside expert. The project was begun by talking to the draughtsmen, explaining the programme's objectives and stressing that it was an internal exercise in self-development. Two of the staff were trained to apply specially adapted productivity improvement techniques, but their main role was to identify problems and to stimulate suggestions from their colleagues.

Variations

The special products section, for instance, was inundated with work and was short-staffed. Although most products were variations of something which had been made before, the draughtsmen produced a new set of drawings for each order. This was because the archaic filing system made it so hard to find and modify an earlier drawing that the draughtsmen preferred to keep on "re-inventing the wheel." The obvious answer was to acquire an expensive new filing system. Instead, a draughtsman's suggestion led to the development of a series of pre-printed standard outline drawings of the most used components, on which dimensions and special features were superimposed for each new order. The volume of drafting work was almost halved, the backlog cured and fewer errors found their way into the production departments.

Then there was the "flop-of-the-year" product. It was the most efficient unit on the market—when it worked—but customers considered it to be over-priced and unreliable. Talks on value improvement led its design team to think about it again—from the user's point of view. The team made a few minor changes in design and manufacturing tolerances which resulted in a marginally less efficient but much more robust, more cheaply made and easily-maintained unit.

The problem of late deliveries was aggravated by lengthy administrative procedures, involving much liaison between sales, estimating and design departments. Network planning plus a rationalisation of paperwork cut out delays and saved up to eight weeks on the delivery cycle.

In the drawing office itself, much time was being wasted by stopping and re-starting jobs as priorities conflicted. Here, the consultants were able to help by advising on a better planning system, providing reliable data for the assessment of work content, and suggesting a method for determining in advance the number and types of drawings which would be required for a given project.

Three years later, the same number of technical staff were handling a substantial increase in orders, and earning substantially higher salaries. At the same time the company's shares had risen from 15p to 35p.

The author is a consultant with W. D. Scott and Company, management consultants.

PEN DESIGN

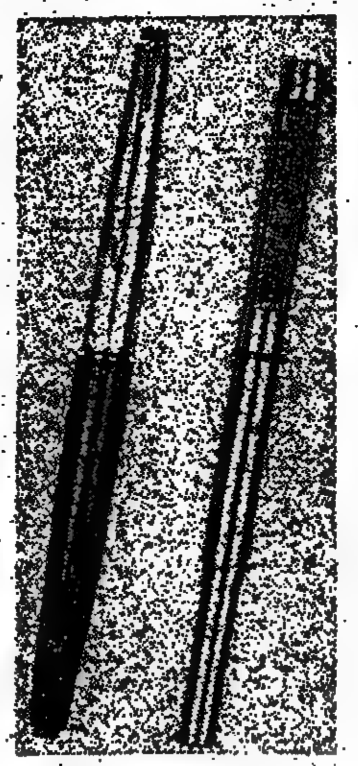
BY NICHOLAS LESLIE

A break with tradition

IN THE PAST ten to 15 years the ball-point pen has carved out for itself a lion's share of the European market for pens. The reasons are diverse and include the fact that the ball-point has become acceptable for use in schools, particularly in the U.K. where they were once generally banned. In addition companies like Bic, in France, swamped the market with cheap, throw-away ball-points.

An inevitable result has been that sales of fountain pens have suffered, with the situation being aggravated by the growing popularity of fibre-tip pens.

Precisely how much the fountain-pen market was hit is unclear because of a lack of statistics. But one company which was worried by the downward trend of sales of these pens in the late 1960s and early 1970s — particularly in Europe—was the Parker Pen Company. It also felt that it was suffering from an additional handicap in Europe of having a somewhat staid image. Its pens—fountain, ball-point and fibre-tip—had for many years been based on minor variations of a theme dictated by the American parent company, with the most significant feature being the pen's arrow-shape of pocket clip.



Parker, 61 (left) and 25 pens

New range

Recognising the problem Mr. Peter Ward, the European area marketing manager of the U.K. Park Company, decided in 1971 that a totally new range of pens was needed that would be far removed from the existing image and would find acceptance among younger people, many of whom it was found had little or no knowledge of fountain pens.

The company's problem was particularly European—in the U.S., Parker is more involved in the cheaper pen market while in other countries it tends to have an expensive image. It was therefore decided that, for the first time, a Parker pen would be designed outside the U.S.

Another unusual step was to appoint an outside designer—in this case Pentagram. It also hired Business Decisions to carry out market research throughout Europe assessing a pilot design in different countries' markets. Normally Parker's new designs are aimed at a single, or more limited number of markets.

Parker admits it had "no real idea" of what sort of design it wanted so the designers were given a very wide brief. The only stipulations were that the pen should not resemble existing models and should not incorporate the arrow-clip. Also, it was to be the first fountain pen sold by Parker in Europe which would not have a gold nib. This fitted in with the company's aim to keep the price down as much as possible, particularly because the cost of gold was increasing substantially while the new range was being planned.

Pentagram's first design was developed into the final product with few changes needing to be made as a result of the subsequent market research. The front end of the pen, incorporating the nib, is made of a coloured plastic material and fits into a stainless steel barrel. The front half of the barrel and the stainless steel cap are of the same diameter, so the back half of the barrel narrows to accommodate the cap. The clip is of simple design.

The market research tested such things as acceptability of the design, reactions to writing performance, the cartridge method of filling the pen, and what sort of market and price range it would best fit into. The few changes then made included a stainless steel band being put between the steel nib and plastic front end because many people felt the plastic housing for the nib looked insubstantial. In addition, a coloured band around the barrel was removed and the company's trade mark was put on a plastic spot on the clip. This reversed an earlier idea of the company not to emphasise in any way the Parker identity—in fact it was found that people wanted the make to be clear.

The research also established that the design was acceptable to a wider age group than originally envisaged. Instead of aiming at a very young market of ages only up to 15, the main sales are now intended to include people up to 25.

Because between 50 and 75 per cent. of Parker's fountain pens are bought as gifts, however, it was felt important to find out the reactions of older people to the design. The outcome was that while many in the middle to older age groups said they would not buy the pen for their own use, they saw it as something they would buy as a present for younger people.

Colours

Another factor to emerge, according to Mr. David Chittenden, Business Decision's research director, was that younger people did not like bright colours, such as orange and red, for plastic sections of the pen. Black accounts for between 40 and 80 per cent. of Parker's sales and the range of colours for the new pens—known as the Parker 25 and thus perpetuating the company's tradition of numbers for models—is now based on black, blue and dark green.

From inception of the idea for a new range to the pens being marketed last year took over four years.

This meant that original estimates for the retail price of the fountain pens had to be increased over the years of development and they now start at over £4 each. However Parker says that research showed that their estimate of what the cost should be was lower than the amount people said they would be prepared to pay.

)RT ADVICE

BY MAX WILKINSON

Feminine lead in hi-fi

HE was 28, Gisela Burg d that being an attrac- er air hostess was not qualification for rais- k loan of £500 to start onics exporting busi- ter listening to her London bank manager ndly and suggested: "I would do better to ed."

nine years of hard sell- countries throughout , she has proved him she is now managing und owner of a thriving which exports more . of British hi-fi and ipment each year and tly been elected chair- the Federation of udio Manufacturers.

ms of Britain's total effort, the contribu- Miss Burg's company, which has only 10 s, is very small. Yet all businesses encounter the obstacles which she had to overcome in starting without money or experience to sell British products abroad.

She came to London from her native Wetzlar, West Germany, to improve her English. After a course at the Regent Street Polytechnic she took a job with Compronex, a company importing loudspeaker cones for British manufacturers.

"I was dealing with small companies making hi-fi equipment, and I realised than many of them were making high quality equipment that could be sold abroad. But they really did not know how to export. They found the paper work confusing, and the cost of sending representatives round the world was too high for them."

After being refused a bank loan, she had to finance her first trip abroad by taking a job as an interpreter for a large company.

She took a turntable in her suitcase, and managed to sell 40 which was just enough for her to start in business. She found many of the companies she was selling for had a casual attitude to delivery and did not realise that overseas customers were often not prepared to wait. Another problem was the poor standard of finish and packing of many British hi-fi systems that were shipped abroad.

A hi-fi enthusiast herself, Miss Burg has concentrated on the top end of the market where British technology is the equal if not superior to any in the world. Loudspeakers, particularly, sell well in Japan and America because British experience in fine tuning achieves a more natural and exact reproduction than is produced by most competitors. High quality turntables with a made in Britain label are also selling well.

One of the biggest problems for the small exporter, even when he uses an agent, is cash flow. Cheques signed in, say, Germany, have to go from the local bank to head office before the credit is transferred to the head office of the British bank and then to the local branch. With delays in the mail and administration the whole process can take three to four weeks.

Transfer

Miss Burg decided to speed the process by having the credits transferred direct from the local bank abroad to her bank by telex. "We pay the extra cost which may be £2 or more, but this is very small when compared with an order of £20,000 or more. We are usually able to pass the money on to the supplier within seven days so that it can be re-invested at once in new components. For companies with a turnover of only £100,000 a year, this can be very important."

She also thinks the Government could help more. "For example the Export Credit Guarantee Department is very slow to investigate claims. It can take six months or more to get your money. We have only had one claim and it took a year."

More should also be done to encourage banks to lund money to small businesses like her own, though Expotus has never had a loan, and indeed, now lends money to some of its suppliers and customers.

However, if Miss Burg sees the faults of British industrial practices with the eye of a German grammar school headmaster's daughter, she is also appreciative of their virtues. "I am sure I shall stay here. I like the life-style and the friendliness. I was given a tremendous amount of help by people in the business when I started. This would never have happened in Germany. They would have fought me all the way and stopped me ever getting off the ground. The Germans are much more aggressively competitive."

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MONDAY, NOVEMBER 22, 1976

The return to stop-go ways

THE NEW controls on bank deposits announced on Thursday are more important than they appear at first sight.

Like the other methods which the Government has employed for controlling the money supply they impose all the burdens on industrial and business investment and thus on future jobs. They follow on the heels of the misguided employers' National Insurance tax announced in July and the penal increase in MLR in October.

The harm done to investment by the latest measures is perhaps less obvious; but that does not make them any better. The new limit is known as the corset because interest-bearing deposits of the banks have to be kept to specified figures. But if deposits are limited, so too must be the assets on the other side of the balance-sheet. The main brunt will fall on bank advances which some banks are planning not just to limit but to reduce.

The corset

The appeal of the corset to the Government is that it seems to provide a way of limiting the money supply without either cutting Government borrowing or raising interest rates. Such miraculous devices do not, however, exist in this world. Bank lending will be just as severely rationed as if interest rates had risen. But instead of rationing by price, it will be rationing according to the discretion of bank managers; and borrowers will feel the cost in terms of severer scrutiny, tighter limits and greater risk of downright refusal.

The corset has also the disadvantage of freezing competition for deposits between banks; and it may well distort the meaning of the monetary statistics just when such a weight is being placed upon them. The industrial strategy—if it means giving industry priority—is for the time being little more than a sick joke.

This latest piece of instant policy was clearly triggered off by the October money supply figures. These showed a rise of over 1 per cent. in the broadly based measure of the money supply, which has risen by nearly 9 per cent. in six months. The October increase took place moreover despite large official sales of gilt-edged and unusually high revenue receipts. The culprit appeared to be private sector borrowing.

As so often, the authorities may have locked the stable door after the horse has bolted. Judging by the experience of some banks, the expansion of advances and of the money supply itself may now be virtually over. But this will not prevent the squeeze from pressing on businesses which have not already made use of their credit lines.

There are two main dangers with present policy. The first is that too great a share of the burden of monetary restraint is being imposed on the private sector. There is a chance that this could be corrected by the budgetary package which the Government is now preparing in consultation with the IMF. But this package cannot be evaluated entirely in terms of its total size. Its composition is at least as important. There will not be much point in taking some of the burden off interest rate and credit policy, if it is merely shifted on to the corporate or personal sectors by means of tax increases.

Too tight

The second danger is a more novel one. This is that too tight a limit could be placed on the short-term growth of the money supply. It is too early to be dogmatic, but the very tight corset suggests at least the possibility. This is not as surprising an error as it may seem. The runaway growth in the money supply in the summer and early autumn months, followed by a very tight clampdown in 1977, is just what one would expect from "unbelieving monetarists" who when they finally act may feel that they have to compensate for past errors in one go.

In the past monetary "stops" have usually been succeeded by a period of monetary "go," once sterling and the balance of payments began to improve. This, after all, is what happened in the early 1970s. But in the meantime the damage is done.

The consequences of Herr Strauss

THE DECISION of the Bavarian Christian Social Union (CSU) to operate as a separate party in the Bundestag could mark a major turning-point in West German politics. The word "could" is chosen deliberately because there is a great deal about the decision which is still obscure. It is not yet clear, for example, how far the decision was taken at the prompting of Herr Franz Josef Strauss, the CSU leader and indeed perhaps the party's only figure with a reputation—for good or ill—that goes way beyond the Federal Republic. It is also notable that the decision is still confined to the Bundestag. There is no commitment, as yet, that the party will set up its organisations outside Bavaria and mount its own campaigns in Federal and *Laender* elections.

Fourth party

Yet the suspicion must be both that Herr Strauss was deeply involved and that a decision to "go Federal" will be the logical next step. Herr Strauss is a formidable politician whose discontent with the performance of the Christian Democratic Union (CDU) — with which the CSU has allied—is well-known. He believes that the CDU should have fought a more aggressively conservative campaign in the Federal election last month and said so in no uncertain terms when the results came in showing that the CDU-CSU together had failed narrowly, but still failed, to win an overall majority. In Bavaria—to which the CSU is confined and where the CDU is not represented—Herr Strauss did campaign aggressively and his party won 60 per cent. of the vote.

Herr Strauss would say—not without some justification—that those figures, coupled with the strong conservative showing in the rest of the German south, speak for themselves. He has also threatened to turn the CSU into a federal party sufficient times before to make it hard to believe that he is not behind it now.

If this is so—and the CSU is likely to emerge as a fourth German party—it is worth distinguishing between the probable short and longer term consequences. The immediate beneficiary is the present Coalition of Social and Free Democrats, which has a majority in the Bundestag of only ten. The Coalition should now have an easier ride since the Opposition is so clearly divided. There appears to be a great deal of bitterness about the CSU's decision not only between the CDU and CSU, but also in the CSU itself, and it will take time before these wounds can be healed.

In the longer-term, however, the consequences could be quite different, largely because of the nature of the German electoral system and especially the "5 per cent. clause" under which any party gaining 5 per cent. or more of the vote wins proportional representation in the Bundestag. In recent years this has served to keep the extreme Right-wing National Democratic Party out (though in 1969 only just) and the liberal Free Democrats in (though again at times by a fairly narrow margin).

Alignments

If the CSU were to campaign as a federal party, it is almost inconceivable that it would fail to clear the 5 per cent. hurdle. Many of its votes would no doubt come from the CDU, though the CDU in turn would presumably pick up votes from the CSU by setting up its own organisation in Bavaria. Freed from its Bavarian ally, the CDU might adopt a more liberal image and make inroads on the Free Democrats, putting the latter's survival in the Bundestag at risk. Nor, judging by recent voting patterns in Bavarian cities, could a straight switch of Social Democrat voters to the CSU be ruled out. None of this has happened yet, but it is in this direction of possible new political alignments that thoughts inevitably turn.

The obstacles on Spain's path towards democracy

By ROGER MATTHEWS, Madrid, November 21

JUST 36 hours before the first anniversary of the death of General Francisco Franco, one of the former dictator's main governmental institutions, the Cortes, finally threw in the towel and voted itself into extinction. Like an aged and overweight boxer that had not fought for nearly 35 years, it succumbed to a younger, more vigorous opponent which in the last resort was prepared to deliver the knockout punch. "Goodbye dictatorship goodbye," crowed part of the local Press, hopefully, but with more reason than it could have had since the end of the Civil War in 1939.

In the year and a day since General Franco died it has become increasingly accepted that his successor, King Juan Carlos, wishes to move Spain towards modern western democracy. There is little evidence yet that either the 39-year-old monarch or his 44-year-old Prime Minister, Adolfo Suarez, fully understand the domestic implications of this desire, but there is a parallel awareness that economically, socially and culturally Spain has to ease its latent internal tensions by drawing closer to Western Europe.

Financial threats

To do this, the formerly passive institutions of General Franco had to be removed, essentially an inter-regime battle which has occupied most of the past 12 months and is still not over. By using some blunt financial threats, some more subtle political arguments and making a few concessions, the Government has been given its still imprecise Constitutional Reform Bill that allows for a new two-chamber Parliament to be elected by universal suffrage — something that General Franco and his diehard supporters believed the Civil War had been fought to prevent. Fewer than 60 members out of the 531 eligible to vote in the Cortes opposed the Bill at the final hour, while many of the others left the Parliament building that night quietly confident that they would be returning in a new guise within a few months.

Whether this confidence is justified depends largely on the essential contradiction inherent in the Government. Each member of the present Cabinet did, or could have, held high office under General Franco. Is it now possible for men used to operating under an authoritarian system suddenly to develop the conviction, tolerance, moderation and fairness needed to carry the country forward to a democracy?

Senor Suarez, until a few months ago head of the single party that existed under General Franco, has demonstrated in his brief time as Premier that pragmatism and loyalty to the King are his two strongest qualities and these have enabled him to turn in a performance that has surprised many of his critics. The King, in spite of the handicap of Franco's tutelage, has also capitalised successfully on the Western world's desire to see the country progress peacefully towards occupying a role that its growing industrial strength would justify, and at the same time he has enjoyed the response and relief of the Spanish people at having a head of state with whom they can more easily identify. The simple departure of General Franco left the King with some strong cards to play. He has done so in a manner that suggests he has at least temporarily silenced the jokes about "Juan Carlos The Brief."

But if there has been a honeymoon period for both men, and they would probably deny it, the necessity of putting flesh on the dry bones of democratic intentions while at the same time taking seriously the dangers posed by the continuing deterioration of the economy are now clearly bringing the honeymon to an end.

To date the King and Prime Minister have chosen largely to ignore the Centre and the Left-wing parties, most of which remain illegal. The Constitutional Reform Bill was negotiated solely with the Right, something that need not dismay the Left and Centre too much if they are now allowed to negotiate the even more important law governing elections. Indeed both sides need to negotiate: the Government because it cannot hold credible elections without tempting most of the Opposition to participate, and the Left because the only alternative to playing the Government's game is taking the struggle to the streets with all the fearful consequences that would have. Compromise, the essence of democracy, has to be achieved.

Massive gulf

However, there is still a massive gulf between Government and Opposition to be bridged. Ideally the Cabinet would like to impose its own form of democracy and has said that the Communist Party and those groups further Left will not be legalised. All other parties wishing to have legal status must pass through the Government's vetting machinery, an offer that only one small Social Democrat party out of all the non-Government parties has chosen to accept.

Prime Minister Suarez applauds after the Cortes approved democratic reforms last Thursday. On the left: Lt.-General Manuel Mellado and Alfonso Osorio, First and Second Vice-Presidents of the Government.

But the Opposition insists that "democracy" means all parties that eschew violence have a *de facto* right to exist and this must be accompanied by all other liberties that Spain has lacked for nearly four decades: free speech, right to free assembly, the right to strike and demonstrate, full access to radio and television, free elections and, as a necessary pre-condition, the immediate abolition of the "repressive machinery of the dictatorshop." Unless these conditions are met, together with the freeing of the remaining political prisoners, several of the main Opposition parties have threatened to campaign for abstentions in the referendum next month, needed to approve the changes to the constitution. Their slogan would be "a referendum without democracy is a Franco referendum." Little chance seems to exist of the Cabinet acceding to these demands in the immediate future and therefore its conduct of the referendum campaign and its attitude towards opponents will become an important measure of its future intentions.

Away from the sometimes depressingly élitist and highly personalised political arena in Madrid, where individuals often loom larger than their parties, the experience of the past year has pointed up two other issues which the Government has had little success in tackling and which are serious threats to democratic progress — political violence and the linked problem of trade union freedoms.

In the past 12 months nearly 40 people have been killed, either in the name of political freedom or political repression, while a growing number of activists seem to have acquired bomb-making knowledge. Slowly the Government is understood to be grasping the nettle of the minority of police who are involved with ultra Right-Wing groups and who have allowed the notorious "Guerillas of Christ the King" to act with almost total impunity in parts of the Basque country and in Madrid this week-end. For over a week recently the town of San Sebastian was subjected to nightly rampages by extremists and in spite of the presence of uniformed police not a single arrest was made.

Terrorists and police

This in its turn makes the isolation of the Basque terrorists belonging to the ETA separatist group more difficult to achieve, and can even allow them to pose as the defender of the people against the central Government. Probably the efficient and impartial pursuit of justice would be one of the greatest guarantees of democratic progress in Spain, but until it is achieved the ability of the lunatic fringes at either end of the political spectrum will pose threats massively greater than their numbers.

To watch riot police launch themselves into action with tear gas, smoke bombs and truncheons against peaceful meetings of strikers is also to realise the huge task of re-education that is needed in the handling of public order issues and in the whole question of labour relations. The latter is also critical to the long-term performance of the economy. Pressure for free trade unions to replace the State-run *sindicatos* is mounting steadily and will become more acute in the near future.

The question how there can be free trade unions when the Communist Party is banned and one of the main illegal unions is dominated by them is paramount. In the present twilight world, in which the three main illegal unions are half-tolerated, the Government may opt for strong repression, as in the recent case of the Madrid busmen's dispute, or for virtually total recognition as in other strikes outside the public services sector. There are many employers whose immediate response to strikes is to sack the ringleaders and hundreds of dismissals have followed the nationwide industrial stoppages called to protest at Government economic measures. The present Cortes has been promised the chance to vote on the Government's new labour relations legislation, hardly a guarantee that significant improvements are about to be introduced.

Meanwhile the Government has decided that there is little it can do about the economy and more radical measures will have to be left to the new Parliament. A great deal needs to be done. With a balance of payments deficit this year which is likely to be around the same $3.5bn experienced in 1975, inflation running at an annual rate of 18 per cent., unemployment moving towards 800,000 (more than 6 per cent. of the active workforce), investment having dropped away sharply and business confidence at a very low ebb — time is becoming of the essence.

The latest growth projections for OECD member countries next year, and the likelihood of another rise in crude oil prices make dismal rea[...] Spain where a sharp i[...] in world trade activity w[...] as the best single ho[...] economic recovery. Th[...] ability that the count[...] need further substantial [...] loans next year, plus [...] deal of popular tolera[...] the Government if it [...] undertake more basic ec[...] measures, both seem [...] arguments for a more [...]cratic system, even [...] some parties on the Ri[...] that "discipline rathe[...] freedom" is the only [...] see the country out of th[...]

Successful visits by Juan Carlos to the U[...] France, and the relativ[...]ness of relations wit[...] Germany, have show[...] Western financial aid [...] *forthcoming to unde[...]* Spain trying to establis[...]cracy. And ahead are t[...] pects of joining NAT[...] rather further away, t[...]

It is Spain's misfortu[...] General Franco's death [...] a moment when the high [...] rates of the 1960s a[...] '70s had evaporated a[...] perhaps never be re[...] with the same dynamis[...] return political freedom [...] nation at a time of [...] growth in national inco[...] intensify the strugg[...] greater social justic[...] increase arguments f[...] against restoring the [...] autonomy achieved in t[...] by the prosperous Bas[...] Catalan provinces.

Basques a[...] Catalans

The King has yet t[...] himself in the Basque p[...] and the Catalans are [...]mined that they will ag[...] their own Parliament. A[...] the Madrid Government [...] understands the [...] problems in the Basq[...]vinces it is doubtful wh[...] truly comprehends the [...] of regional feeling ther[...] Catalonia, a feelin[...] conditioned by the p[...] War insistence on on[...] Spain. Conversation[...] Government Ministers [...] reveal the inbred unwil[...] to give more than a m[...] for fear that kilomet[...] then be taken and [...] control will be lost.

Overcoming that fear [...] central to what happen[...] next six months, bu[...] cannot be submerged t[...] and Government are [...] find themselves trappe[...] web of their own promi[...] regime has probably do[...] in the past year than [...] its more vocal critic[...] have forecast, althoug[...] not yet done so well [...] achievement can begin [...] the weight of future p[...]

MEN AND MATTERS

Legal tangles in the Sheffield battle

Have we caught the American habit of issuing injunctions when business life gets complicated? Last month crane manufacturer Herbert Morris produced a notable double with two injunctions on two continents against the bidder, Babcock and Wilcox. It won its British point, lost its U.S. one but anyway ended up (more work for the lawyers) with the Monopolies Commission. Burmah has said it will consider legal action should the Bank of England sell the ex-Burmah stake in BP. Now Dunford and Elliott has obtained an injunction against the company bidding for it, Johnson and Firth Brown.

"On my right the protests and on my left names sent in for deportation!"

This is a surprise, the only predictable result being to complicate still further the battle of the Sheffield steelmakers. It has also reduced to public silence two normally loquacious adversaries, Frank Welsh, chairman of Dunford and Elliott and Philip Ling, general manager of Johnson and Firth Brown.

Having initially been scheduled for last Friday, the Dunford injunction is now due in chambers on Wednesday. Its application to prevent JFB bidding is understood to rest on the argument that JFB had access to privileged information before deciding to make its offer.

The Dunford Board clearly takes its case very seriously, regarding it as much more than a holding tactic against a bid it has anyway described as unwelcome and opportunist. Equally, JFB seems ready to deny emphatically that it has anything to answer for.

The information which Dunford alleges to have been misused must include more detailed assessments of the company's present and future prospects than its own shareholders will be getting to consider whether they should subscribe to a £3m. Rights issue. For Dunford's circular on this is expected today and certainly before Wednesday. With a year end in September, shareholders can be expected to get a fairly accurate picture of 1975-76 trading, equivalent to preliminary figures.

But then this can produce few surprises, since when the pre-tax loss of £593,000 was announced at the interim stage, it was said to be unlikely that there would be a pre-tax profit in the second half. What would be more interesting would be the longer range forecasts, including the current year and beyond, which would be made available to underwriters.

Institutional holders of about 40 per cent. of Dunford's equity, plus Finance for Industry and the Equity Bank, have agreed to underwrite Dunford's Rights issue as an alternative to the company getting its funding from the National Enterprise Board. It is presumably this type of information which is alleged to have gone to JFB, and at one earlier point in the story there was a brief moment when it was thought that GKN and JFB would join the institutions in a package to get Dunford through its troubles.

Whatever the result of the injunction, the lawyers are guaranteed further action, with the Office of Fair Trading considering a Monopolies reference and beyond that the European Coal and Steel Commission, which as GKN found in its bid for Miles Druce, can take its time to make up its mind on bid appeals.

The problems of the Post

According to people who know Dorothy Schiff well, one reason that she is selling her *New York Post* to Rupert Murdoch is simply that she is getting tired. Certainly this should be no surprise for it has been a long and uphill battle keeping the Post alive—its present circulation is ½m.—at a time when many New York papers have folded including those operated by powerful newspaper interests such as the Hearst Press.

Now 73, Dorothy Schiff took over the paper in 1932 and comes from one of New York's oldest Jewish financial families. Her grandfather was Jacob H. Schiff, who founded the leading investment banking house of Kuhn Loeb and Co. When she took control of the paper it was losing circulation rapidly and in the first two years of her ownership she is said to have lost $2m. on the project. In the 1960s she survived the strikes and lockouts which led to the demise of some of her competitors partly by breaking ranks with her fellow publishers and coming to independent settlements.

Although the Post circulation has been declining and its profitability suffering too, it has retained a solid enough core of loyal readers amongst liberal New Yorkers who find its rival, the *Daily News* too brash and gossip laden. Critics have agreed that in recent years the Post has lost vitality, particularly in its news pages and has relied too heavily on the appeal of syndicated columns by newspaper personalities—a form of journalism which has turned some reporters into millionaires, a phenomenon which unfortunately is unknown in Britain.

As Rupert Murdoch says he is "buying potential," but he certainly has a fight on his hands and there is no easy solution to the Post's problems. It would be a brave man who would take it down-market to compete with the 2m. circulation *Daily News*, and Murdoch apparently intends to go in the other direction.

Trying

The Irish are truly worried about Eire's inflation, which the EEC projects at 18.5 per cent. for this year, and from Dublin comes this reassuring story. It concerns what happened after last week's cabinet meeting, at which possible solutions had been thrashed around in hours of dreary economic debate. Afterwards, Liam Cosgrave, Prime Minister and Richie Ryan, his Finance Minister, were walking down Grafton Street when Cosgrave stopped to examine a shop window. "Look at that," he said, "men's suits £10, shirts 50p, socks 15p, sure an' you keep telling us that prices have gone mad. Where could you get clothes cheaper?" "Hold on," said Ryan, dragging him away. "That's the dry cleaners."

Observer

FINANCIAL TIMES SURVEY

Monday November 22 1976

Insurance

The insurance industry has had a couple of difficult years but prospects now appear brighter. Although problems of inflation, rate-cutting and overseas competition persist, most sectors feel their fortunes are reviving.

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Short

LDWIDE underwrit- of British insurance or 1975 taken at face int a picture of un- oom. An overall loss as reported—4.2 per remiums—compared it of £117m. in 1974, r cent. of premiums. ard cycle this time eep indeed from the m. profit in 1972.

ser analysis shows a loomy situation over- better outlook for anies. The figures ere very much influ- the results of the mpany, Commercial experienced its worst ith a loss of £93m.— more than half the overall total for 1975—compared with a £16m. deficit in the previous year. When CU's figures are removed, the remaining insurance companies recorded underwriting losses down to £82m. from £101m. in 1974.

Thus for the majority of companies 1975 was a year of recovery, albeit slight, from the poor 1974 figures. This was certainly so for Royal Insurance, for which 1974 was the worst year for underwriting performance. It would appear that the Commercial Union is about a year to 18 months out of phase in its underwriting cycle compared with the other insurance companies.

The results so far reported in 1976 would confirm this conclusion. The major companies were reporting very much better results—General Accident at the nine months stage was approaching break-even in its underwriting, while Royal was showing a tremendous advance from results that were still poor, albeit better than 1974. The nine month results from CU are awaited with interest. At the half yearly stage, CU had improved but with very weak performance compared with the others.

The disaster sector in 1975 was motor business, where losses almost trebled to £150m. from £51m. in 1974. The problem territory still remained the U.S., with losses up from £11m. to £75m., while motor business in all other territories outside the U.K. experienced a deficit of £70.5m. Motor business, in the U.K. returned to the red after two rare years in the black. But the loss figure of £4.6m. is still small compared with the disaster year of 1971 when the loss reached £25m.

The fire and accident sector, in contrast, had a much lower deficit of £25m. against £66m. in 1974. Last year was mercifully fairly free from major natural disasters, whereas the previous year had a succession of floods, cyclones, tornados and so on in Australia, North and Central America. However, the results still have to show considerable improvement to return to the peak profit in 1972 of £54m. The situation in the U.K. showed a satisfactory profit of £20m., only slightly lower than in 1974. But the first weekend of 1976 saw the east coast of the country swept by some very severe storms, causing damage of over £40m., the biggest claim experienced by British insurance companies and exceeding the £36m. of Flixborough.

Pruned

The insurance companies started to take corrective action in the U.S. to meet the growing deficits back in 1974, with the CU starting last year. They all reported that unprofitable business and agencies had been pruned back or cut out altogether. Applications for very high rate increases were being granted by the various State Insurance Commissioners in many States.

The insurers in North America seem to have learnt the lesson of the rate-cutting war of a few years ago. Now they are going for underwriting profit and getting the rate correct, rather than going all out for maximising cash flow and relying on investment income to cover deficits. But it takes time for these measures to be reflected in the accounts—the benefits are just appearing in the third quarter results of GA.

Corrective action was taken in Australia and Canada a year or two earlier following a period of heavy losses. The picture was more or less the same as in the U.S.: the authorities would not permit sufficient rate increases quickly enough to meet growing size of claims, especially workmen's compensation. The results of this action and better understanding from the insurance authorities has now come through the accounts in both these territories and underwriting has returned to profitability.

Investment income from general insurance funds continues to be buoyant and still enables the companies to offset their underwriting losses. The only major exception was the CU which last year recorded a pre-tax loss on its business, a very rare occurrence. Overall income from investments last year for the companies rose by £88m. to £465m., so that there was a net profit on general insurance business of £290m. in 1975. This increase reflects in part the continued high interest rates obtainable worldwide on the insurance company funds which were boosted last year by substantial rights issues.

The pressure on solvency margins apparent in 1974 was eased last year by the new money raised as rights issues and by the recovery in the world's stock markets, especially in the U.K. and U.S. Nevertheless, the companies are concerned about the continued lack of profitability which is hampering their efforts to expand their capital base.

This, is one of the problems facing the insurance companies—that of building up an adequate asset base to meet the growing volume of premium income that is being generated not only by inflation but by the growth in the world economy. Several speakers at the recent Financial Times World Insurance conference referred to the insurance companies having to seek new sources of capital. Lloyd's admitted this year that it was having to turn away business because of lack of capacity.

Stronger

The other major problem of the insurance industry is the continued weakness of sterling, which can upset all predictions and assumptions made by underwriters. Over two third's of business in the London insurance market arises from overseas. An insurance contract can be profitable in sterling terms, but because of the fall in sterling between receiving the premiums and paying the claims, it can result in a loss. The recent concession by the Bank of England to allow insurers to keep 75 per cent. of the premium in the original currency will help meet this problem. But interest rates overseas, in general, are much lower than in the U.K. It is a delicate problem for insurers to decide whether to bring the money back to the U.K. or invest it overseas.

But these problems will have to be resolved if London is to

CONTINUED ON NEXT PAGE

RESULTS OF BRITISH INSURANCE COMPANIES

(£m.)

	1975	1974	Increase %
WORLDWIDE GENERAL PREMIUMS			
Fire & Accident (non-motor)	2,687	2,248	19.6
Motor	1,546	1,265	22.2
Marine, Aviation & Transport	408	347	17.6
TOTAL	4,641	3,858	20.3

	1975 Premiums	1975 Profit/Loss	1975 % of Premiums	1974 Premiums	1974 Profit/Loss	1974 % of Premiums
WORLDWIDE UNDERWRITING RESULTS						
Fire & Accident (non-motor)	2,597	− 25.2	−1.0	2,154	− 65.7	−3.1
Motor	1,533	−149.8	−9.8	1,252	− 51.1	−4.1
TOTAL	4,130	−175.0	−4.2	3,406	−116.8	−3.4
U.K. UNDERWRITING						
Fire & Accident (non-motor)	970	+20.3	+2.1	789	+21.4	+2.7
Motor	623	− 4.6	−0.7	507	+ 1.8	+0.4
TOTAL	1,593	+15.7	+1.0	1,296	+23.2	+1.8
U.S. UNDERWRITING						
Fire & Accident (non-motor)	584	− 42.8	− 7.3	486	−34.8	−7.2
Motor	320	− 74.7	−23.3	262	−11.3	−4.3
TOTAL	904	−117.5	−13.0	748	−46.1	−6.2
REST OF WORLD UNDERWRITING						
Fire & Accident (non-motor)	1,043	− 2.7	− 0.3	879	−52.3	−5.9
Motor	589	−70.5	−12.0	483	−41.6	−8.6
TOTAL	1,632	−73.2	− 4.5	1,362	−93.9	−6.9

Learning to live with controls

THE INSURANCE industry, along with the banks, has recently been forcefully reminded of the continuing strong political and public interest in its activities by the Labour Party proposals for nationalisation for the top seven companies. The idea is not supported by the Government, and has been vigorously criticised by the industry.

The arguments used by its proponents, moreover, are only marginally related to the motives behind recent important legislation to control the insurance industry—indeed, in some respects, there is a potential direct conflict. Nevertheless, the industry has had to recognise that its traditional freedom of action has been circumscribed to a substantial degree and that it will continue to be affected by extensive public scrutiny of its operations.

It is important, however, to distinguish between the purposes of the various forms of interference in the industry. The recent insurance legislation, under which new regulations are continuing to be produced, represents a major change in the atmosphere in which the industry operates. For many years it had enjoyed a freedom of action unparalleled in Europe, with the Continental countries providing a sharp contrast in the detailed controls exercised by the authorities.

Benefits

This freedom, there can be no doubt, has brought important benefits. It has enabled the British insurance industry to develop with a flexibility denied to more restricted rivals, and has been the predominant reason for the U.K.'s ability to develop as a leading international insurance centre.

Until fairly recently this had been combined with a remarkable record of stability. But the shock of a number of failures, coupled with the growing emphasis on consumer protection in the U.K., made it certain, even aside from the pressures of membership of the EEC, that stricter controls would have to be introduced. The 1974 Insurance Companies Act brought in a new era of insurance history in the U.K., giving the Government wide powers of intervention and control. And its inevitability has been acknowledged by the industry by the degree of co-operation which has been forthcoming in the development of the detailed regulations, even though some members of the industry may feel there is a danger of over-emphasis on detailed controls.

The purpose of the controls is to protect the policyholder against the dangers of failure of his company, in providing the Department of Trade with extensive information on the operation of the companies powers to stop them from taking business and a good deal of discretion in exercising these functions.

The aim of protecting the public was mentioned, it is true, in the Labour Party National Executive Committee's document setting out the nationalisation proposals, with a catalogue of recent failures in the insurance and banking sectors. But the main arguments used to support the case related basically to the need to channel increased long-term funds to support industrial investment, with the clear indication that public control over the resources available was the leading objective.

In replying to these proposals, the insurance companies have underlined the damage which they maintain nationalisation would inflict on confidence in the industry and on its important overseas earnings, and argued with the rest of the City that the critics should look elsewhere for the causes of Britain's economic problems; "long term finance is already available for industrial investment without nationalisation."

The companies have also drawn attention to the overriding importance of policyholders' interests. In their joint comment the seven companies concerned argued: "It is the job of the insurance companies to protect these savings for their policyholders by making investments in their best long-term interests and not subject to short term political expediency or pressures." The spirit of the recent regulations, in effect, may conflict with the ideas of State control or direction of insurance company investment.

The point is perhaps underlined by one of the important new sets of regulations which have been produced in the past year. This covers the valuation of insurance company assets, and incorporates and extends the rules published earlier. In the first stage, as a contribution to checking the solvency of an insurer, rules were laid down covering the valuation of assets. These, in general terms, formalised the use of market or realisable value, laying down at the same time rules for determining the value of investments in subsidiary and unquoted companies.

The latest development of the rules sets out detailed limits on the amounts of particular kinds of asset which can be taken into account. The aim is simply to avoid a situation in which a company puts too many of its eggs into one basket, so that it could be disastrously affected by the collapse of one company or a sharp drop in the value of one big piece of property.

Limited

It is possible to imagine circumstances where pressure on insurance companies to support particular sectors of industry with long-term finance (even through the new Equity Capital for Industry) could fall foul of the strict rules laid down in the new regulation. The limits placed on the companies are quite tight, particularly in relation to those at the smaller end of the insurance industry's scale.

A piece of land, for example, may not make up more than 5 per cent. of either a company's general business or long-term business amounts as defined in the regulation. Again, holding of quoted equity shares in any one company or any of its connected companies is limited to 2½ per cent., while there is an overall limit of 7½ per cent. on the amount which may be put into one company in various forms of equity or debt.

As these regulations come into effect they should provide the Department with the material to ensure effective supervision of insurers and to judge the solvency of companies. In particular, they should provide the opportunity for the authorities to spot potential problems in advance, one of the areas where supervision has been criticised in the past, and to take preventive action before the real damage is done.

One other set of new regulations has also appeared recently concerned with the position of intermediaries. It followed and superseded the earlier rules which provided an immediate answer to the problem of selling long-term insurance contracts with overseas insurers not authorised under the U.K. regulations. The regulations now ensure that if an invitation to enter an insurance contract is made by a person connected with the company in question the potential customer should be informed of the connection.

With the growing body of regulations issued, however, there are still a number of important areas to be covered. One which should be coming fairly shortly is the U.K. move to implement EEC regulations on solvency margins in new life business. This is expected to increase the margin required from the present 10 per cent. for all but the small companies to 18 per cent., and should be put into effect by the end of July 1978.

The most important and problematical area still to be covered, however, lies in the valuation of liabilities, the equivalent on the other side of the accounts to the asset rules already promulgated. The purpose of the regulations will be to enable a company to demonstrate its solvency and to give the authorities straightforward yardsticks against which to measure the returns they receive.

Components

These regulations in effect involve three components in non-life business—the unearned premium reserve, the unexpired risk reserve and the outstanding claims reserve. Valuation of the liabilities is normally done on the basis of past experience,

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to base valuations con
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Offing

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remain a world insurance centre. The demand for the insurance services that London can offer is stronger than ever as the world economy grows. And as the emerging nations set up their own local insurance industries, that demand will be more for reinsurance than direct insurance. Reinsurance is going to be the growth area of the London market in the future. Countries can set up local insurance industries but it cannot provide the capacity or the expertise, hence they will seek to reinsure the bulk of the risk. This is London's opportunity.

Life assurance in 1975 had its best year ever in terms of new business growth, despite inflation, or perhaps because of it. New sum assured totalled £31bn.—a rise of 32 per cent. and new annual premiums increased by 39 per cent. to £984m. There was a recovery in business from the linked life companies, but the traditional mutual life companies appeared to get more than the average rise in business.

At home the industry is having to face up to political as well as financial problems. The threat of nationalisation, always in the background with a Labour Government, has moved one further step nearer reality with its adoption as official party policy. Despite denials of implementation from the Government and exhortations that it should be ignored, the industry is now taking this threat seriously. The experience overseas of nationalisation, especially that of British Columbia in running motor insurance and making massive losses in the first year, should be enough of a deterrent.

The other problem is over direction of investment. A discussion of this subject needs a full article and is dealt with elsewhere. Sufficient to say that all but a handful of policyholders have been more than satisfied with the investment policy pursued by life companies and it is their money that the politicians wish to direct into suitable investment. The experience overseas of direction is lower returns for the policyholder compared with *that in the U.K.*

Top of the table in foreign earnings

THE INSURANCE industry has for a long time been the largest single contributor to the City's invisible earnings—underlining London's position as a world insurance centre for more than two centuries.

Last year, insurance earned £452m. overseas, equal to just over 46 per cent. of the total invisible earning of U.K. financial institutions in the City. This dwarfs the net earnings of U.K. banks of £135m., £109m. from merchanting, and £146m. from the Baltic Exchange.

These private invisible earnings, of course, help partially to offset not only the continuing large deficit on visible trade in goods but also the large invisible deficit on public sector transactions, notably the rising figure for debt payments overseas.

OVERSEAS EARNINGS OF U.K. INSURANCE

	1971 £m	1972 £m	1973 £m	1974 £m
INSURANCE				
Companies				
Underwriting (overseas business written in U.K.)	40	38	34	32
Direct investment (profits from overseas business written outside the U.K. through subsidiaries, etc.)	62	85	76	62
Portfolio investment	35	37	47	54
TOTAL	137	160	157	148
Lloyd's				
Underwriting (overseas business written in U.K.)	113	131	126	136
Portfolio investment	16	18	21	24
TOTAL	149	149	147	[illegible]
BROKERS	56	[illegible]	60	76
TOTAL INSURANCE	341	[illegible]	[illegible]	[illegible]

Source: Central Statistical Office.

Within the total, the share of insurance has increased over the last 18 months after a couple of years when the sector's earnings only grew slowly. Consequently while the total net invisible earnings of the City rose by 13.2 per cent. in 1975, insurance earnings increased by just under 18 per cent.

The importance of overseas markets to the U.K. insurance industry is shown by the fact that about two-thirds of non-life premiums come from abroad, while for Lloyd's underwriters the proportion is three-quarters. Linked in with this, most prominent insurance brokers derive the majority of their business from overseas.

Split

The Central Statistical Office breakdown of the overseas earnings of U.K. financial institutions in the "Pink Book" (U.K. Balance of Payments 1965-75) indicates the various sources of income for the insurance business, and their differing growth rates. The sources are companies, Lloyd's and the brokers, though the income of the first two is split between underwriting revenue and income from their portfolio investment abroad. The insurance companies also derive profits on direct investment from their subsidiaries on overseas business written outside the U.K.—Lloyd's writes all of its business on the home account since it has no overseas branches or subsidiaries.

The underwriting trading income reflects the balance between premiums for risks taken and expenses and claims. The underwriting profit is, of course, not simply a cash flow calculation for the particular year. This is because the premiums collected during the year are adjusted to cover unexpired risks on business to be carried into the future as well as unsettled claims—and claims settled during the year also include many which arose from business in earlier years. These complications apply particularly to Lloyd's which, so that the overseas earnings for Lloyd's underwriters are stated as an average of three years' premium income, net of claims paid, centred on the relevant year, with an estimate for the year ahead.

The figures show that the earnings of Lloyd's on underwriting grew sharply last year while the underwriting income of the companies has remained fairly flat over the last three years and is, indeed, lower than in 1971-72.

It is, however, a better guide to add together the direct underwriting income and the profits from direct investment overseas since several of the leading U.K. insurance composites have been expanding their world-wide branch and subsidiary network, writing more of their overseas business in the country of origin, rather than in the U.K.

Nevertheless, the combined underwriting profit of these two sources has still fallen steadily since 1972, in contrast to the growth in Lloyd's underwriting income, particularly last year. The drop in the companies earnings in this area from the peak of the last underwriting cycle in the early 1970's reflects the persistent problems faced by many companies in certain countries, notably the important U.S. market and in Australia as a result of the accelerating inflation of 1973-74, Government controls and regulations, and bad weather.

It has taken time for the companies to push through the necessary premium increases and for these to work through. There have been continuing difficulties in certain classes of business—for example, general liability and motor in the U.S. Nevertheless, the improvement can now be seen clearly in, for example, the nine month figures of Royal Insurance announced last week.

But apart from earnings from underwriting, both the companies and Lloyd's also receive sizeable income from investments—both in the time lag between receipt of premiums and payment of claims and, more significantly, from the large reserves. These have been built up over the years and have been needed to satisfy the solvency margin requirements of various countries. The rise in investment income resulting from the increase in reserves, a higher level of interest rates and the fall in the pound is shown in a 23 per cent. increase in the combined company and Lloyd's income from portfolio investment last year.

The increase was, however, much larger relatively for the companies than for Lloyd's, reflecting the former's greater reserve funds.

The other main source of income for insurance comes from the brokers' overseas activities, where growth has been very rapid in the last few years with a near doubling in total earnings since 1971. Moreover, the brokers also contribute to the other sources of insurance invisible earnings since all Lloyd's premiums must be placed by brokers and a proportion of the company overseas business also comes this way.

The brokers have been particularly assisted in their overseas business in the last year by the weakness of sterling which has obviously inflated the value of overseas premiums, even before allowing for domestic inflation and the growth in the volume of business. The impact has been underlined by the fact that many of the brokers run at least part of their overseas operations from the U.K., and so their expenses have not had to suffer the full effects of the fall in the pound.

The fall in the pound has a direct effect where an overseas risk is written in sterling and there is an exchange loss in the interval before a claim, in a foreign currency, is settled. But a lot of business of, for example, Lloyd's does not involve such an exchange risk.

There remains the problem that the fall in the pound increases the sterling value of overseas premiums and thus of the reserves which need to be

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Peter
Economics Corre

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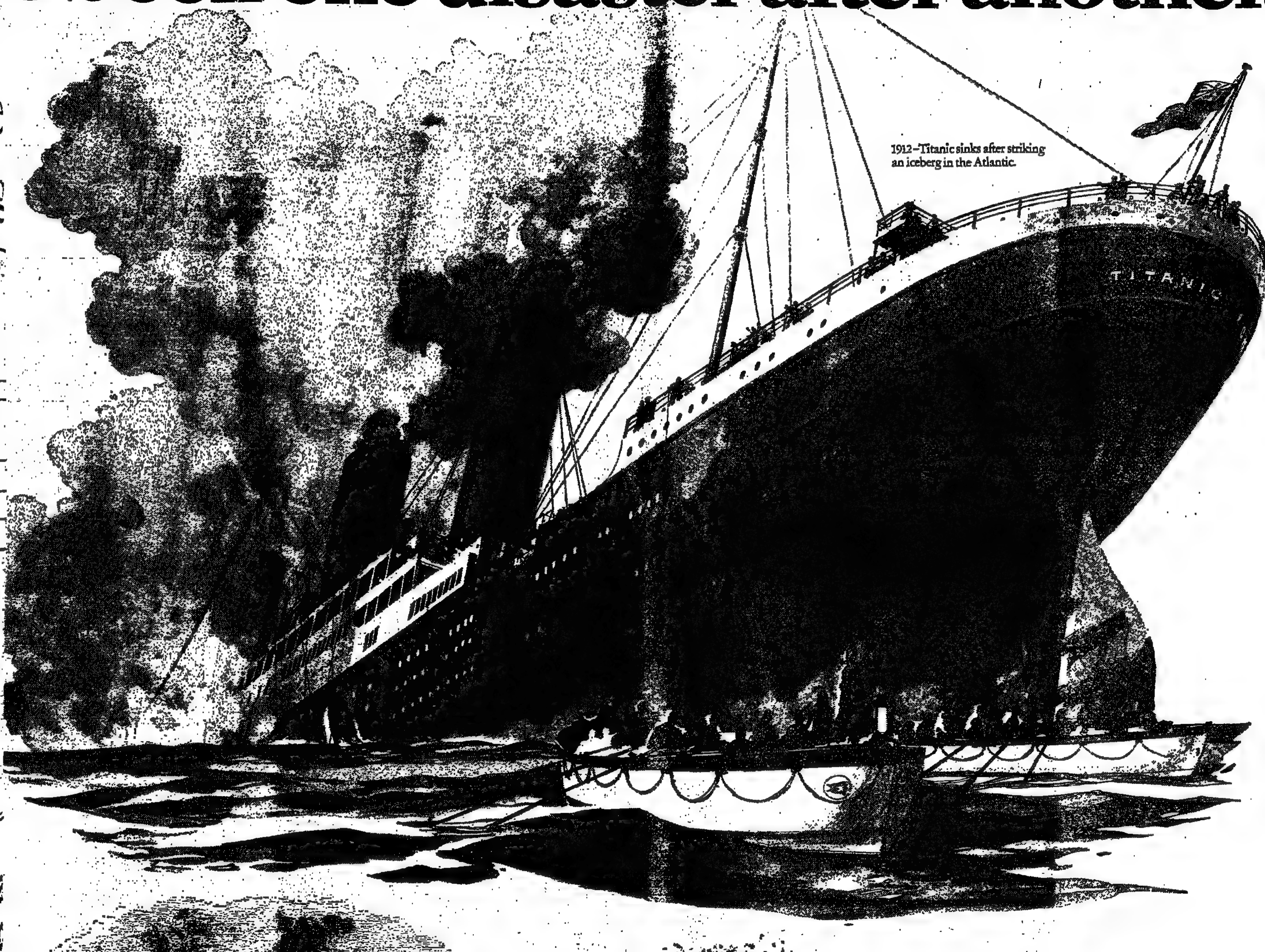
1975–Cargo ship rams Tasman Bridge, which collapses onto the ship, sinking it.

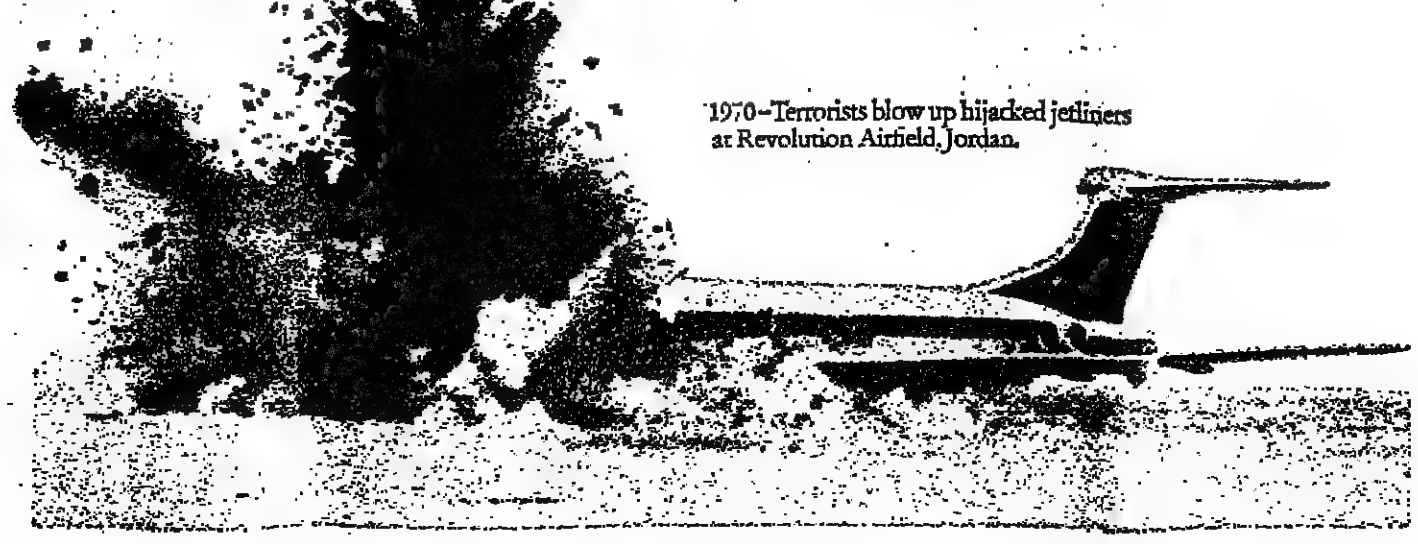
1953–Heavy rain and high tides along the East Coast cause the worst flooding in living memory.

Since we started in business 's been one disaster after another.



1912–Titanic sinks after striking an iceberg in the Atlantic.

1842–Much of Hamburg destroyed following the 'Great Fire'.



1970–Terrorists blow up hijacked jetliners at Revolution Airfield, Jordan.

Even in the best run businesses, the occasional :k is bound to occur from time to time.

Now if you're thinking that we appear to had more than our fair share, we would point at we've been in the insurance business for on 255 years.

So it's not really surprising that we've been ved in some monumental disasters.

Yet in each instance we paid up without quibbling or delay.

And this fact has undoubtedly helped us to become one of the largest insurers in Britain.

Because nothing does more to enhance the reputation of an insurance company than a demonstration of its ability to pay up when things go wrong.

Because when it comes down to it, isn't that what the insurance business is all about?

Head Office: Royal Exchange, London EC3V 3LS.

Guardian Royal Exchange Assurance

A good name to insure with.

Lloyd's holds its own

SINCE Lloyd's operates a three-year account for each underwriting year, members only know for certain at present the global results of the market up to the close of the 1973 account. This was satisfactory enough, producing record profits for the third successive year. The profit was £109.6m., compared with nearly £92m. for the 1972 underwriting year. But the percentage of premium income attributable to profit dropped from 9.6 per cent. on a premium income of £957m. to 9.2 per cent. on premiums of £1.19bn.

The profit included income *from interest on underwriting* funds, appreciation of investments and profits on currency exchange, etc. The "pure" underwriting profit for 1973 represented 5.7 per cent. This was worse than in 1972. The marine settlement was 3.67 per cent. worse in 1973 than 1972, the non-marine deteriorated by 1.8 per cent., the aviation result by 6.73 per cent. and motor *account by 0.97 per cent.*

Dropping

While the record profits have attracted a record number of applications for underwriting membership, it is clear that underwriting profitability is dropping. To some extent the record profit for 1973 was attributable to a considerable *increase in income from* interest and capital appreciation of investments during 1974 and 1975. At the same time, expenses and depreciation of investments showed a substantial reduction. Practice varies among different syndicates in allocating capital appreciation, but one arrangement is that, at the end of a year when there has been capital appreciation, this is distributed over the open years in proportion to the balances of those years.

Usually, members join both marine and non-marine syndicates, on the basis that a bad year for one market may not necessarily be a bad year for the other. Certainly, at the moment, there is a significant difference in prevailing conditions between the marine market (and to a lesser extent the aviation market) and the non-marine market.

Essentially, Lloyd's is an international market (with more than 75 per cent. of its premium income coming from overseas). The world-wide marine insurance market is suffering from severe over-capacity. There is sufficient capacity to meet the high values involved with gas carriers, and also a high proportion of the massive values at risk in the North Sea in connection with oil production. This means that there is severe competition for lower valued risks, which has not been helped by so many tankers being laid up.

In some cases underwriters at Lloyd's have been writing marine risks at premium rates which they *consider will prove* uneconomic in the end. Their intention has been to maintain their interest in the fleets, and to ride out the storm, waiting for an upturn in premium rates. In many cases, however, they have felt it better to let the business go elsewhere, in the hope that it will return when their competitors withdraw from the market with "burnt fingers." Neither approach does very much for profitability.

It may not be too long before the volume of marine business placed at Lloyd's and in the rest of the London market shows an appreciable increase. Already some shipowners who chose a cheaper insurance market are beginning to find that the policies which they bought elsewhere two or three years ago are not as secure as they had hoped.

The non-marine market at Lloyd's, however, is at a different stage of the underwriting cycle. While world-wide competition for non-marine business continued during the early months of 1973, a substantial amount of business has since then come back to London—on better terms. Non-marine underwriters at Lloyd's have been experiencing no lack of business. Many non-marine *underwriters at Lloyd's could* write considerably more on risks which they would like to accept—both in terms of larger lines and additional risks. To turn away potentially good business is embarrassing both for the under-writers in question, and for the Lloyd's brokers who have secured the business for the London market.

Transact

The reason why underwriters are turning away this business is simply that, as part of the strict control of security, the amount of business which any individual member may transact depends on his wealth and the amount of the deposits which he has put up. The volume of business is measured in terms of premium income, and thus there is a maximum annual premium income which can be written by each syndicate — dependent on the individual maxima applying to the members of that syndicate.

Premium income (which is measured in sterling) has not risen solely as a result of new business flowing into the market. In many cases, due to poor experience in the past premium rates have been increased. Inflation has increased both property values and limits of indemnity required under liability policies, with consequent increases in premium. And of course the sharp drop in the value of sterling has effectively increased overseas premiums when converted into sterling.

To some extent, this shortage of capacity will be alleviated by *an influx of new members* at the beginning of next year. At the beginning of 1976, 1,005 new members started underwriting at Lloyd's. For 1977, there are 2,400 candidates for election. Currently, there are not far short of 8,500 members, of which rather more than 400 are from 25 overseas countries.

Unfortunately for the market, *its capacity* will not increase in direct relation to the extra number of members. Allowance must be made for deaths and resignations of existing members. Also, there is a tendency for members to start with relatively low premium income limits and, gradually, to increase their limits.

There has been no great rush on the part of British nationals to become "*mini names*"—whereby one has to show readily realisable assets of not less than £37,500, compared with the usual figure of £75,000. Here, while the amount of the deposit lodged at Lloyd's is the same as for a "name" showing £75,000, premium income limits are 50 per cent. of those applicable to the more wealthy member.

It may be that, with 240 members on this basis, others feel that with relatively low premium income limits, it is not worth taking the risk of funding possible losses (if necessary, to the full extent of their wealth) in retur[n for] what, at best, may be a [com]paratively modest profit [On] the other hand, it ca[n be] argued that those with [realis]able assets of this type [may] feel that they do not w[ish to] take the risk of, pe[rhaps] having to fund under[writing] losses, in addition to al[l their] other commitments.

While there have been [a number] of discussions as to how [Lloyd's] could attract those othe[r than] the obviously wealthy [into] membership, it cann[ot be] resolved easily since [the] security of a Lloyd's [policy] must be paramount an[d] only the wealthy wh[o can] afford to meet sub[stantial] underwriting losses, sh[ould this] ever be necessary.

One of the problems [of the] Lloyd's market as a [whole,] which increasingly is [writing] "catastrophe" types o[f busi]ness, is that syndicates [are not] allowed to retain profit[s in] good years to meet lo[sses in] bad years. At the end [of the] three-year accounting pe[riod, a] reinsurance premium i[s paid] into an "open" year, [and] the "open" year acce[pts] the future liabilities in [connec]tion with the year w[hich is] being closed. The prof[it after] deducting the rein[surance] premium must be paid [out to] the individual members [and is] taxable. Some tax relie[f, how]ever, is allowed in res[pect of] funds which individua[l mem]bers put to a special [reserve.] Any subsequent under[writing] losses must be met in t[he first] instance by funds i[n this] reserve.

John G

Marine and aviation

OVERCAPACITY is a word which has become depressingly familiar this year in any discussion of the state of world shipping and shipbuilding, but it is also most frequently used by marine and aviation underwriters to describe the state of their affairs.

For more than two years now the problem of too many underwriters chasing too few risks has bedevilled prospects for marine insurance. It has led to what is most frequently referred to as "a decline in discipline" which, at its most extreme, has been characterised by internecine feuding and destructive competition. Rates have been savagely depressed and marine insurers as a whole have failed to achieve the general 15 per cent. increase which their spokesmen said at *the beginning* of the year was vital to bring income into line with costs.

Curiously, there is little appreciation of these costs outside of the insurance and shipping world. In July, Lloyd's Intelligence Services reported that 18 ships, each with a hull and machinery value of more than £500,000, had featured as major casualties during the first half of 1976. Estimates had it that for the same period, the world's insurance markets, with London in the forefront, will have settled more than £81m. on such casualty claims. London underwriters are now preparing to face the fact that 1976 will almost inevitably show bigger losses on the marine account than the 1975 record total of £122.6m.

Bottom

The headline-catching losses of this year, notably the Berge Istra and the Olympic Bravery, will obviously be making a substantial contribution to the final bottom line figure when it comes to be written. However, if all other things had been equal, marine underwriters would have been able to have written off these losses without too much discomfort.

But what appear to be structural weaknesses in the world marine insurance market coupled with the shipping recession have narrowed the volume of premium income to the extent that the London market, still the world leader, can no longer implacably shrug off large single payments such as the $25m. for which it was liable for the Olympic Bravery.

The problem would seem to stem in part from the inability of marine underwriters to minimise the most destructive aspects of their competition. Clearly the scope for managing competition on an international level is very limited.

At the beginning of the year Mr. Ted Rainbow, then the retiring chairman of the Institute of London Underwriters, drew attention to the depressive effect on rates of the efforts of some overseas markets to take business away from London. It is claimed that a large volume of the business being written abroad is not only uneconomic, but unnecessarily so, since it is often based on an imperfect understanding of what the London rate is.

There is still some argument about where the main burden of guilt lies, but it is widely agreed that some brokers have been successfully placing insurance in other markets by offering it at the alleged "London rate." Very often this is the very lowest quotation obtainable in London and not one likely to win much support.

Intermittently the London marine insurance market has struggled to hold the line against such "economics of the madhouse" and sharp practices to which an industry often becomes prone during times of trouble. In so far as it is regulated at all, marine underwriting bows the knee to the 16-man Joint Hull Committee whose understandings are voluntary but which exists to try to keep Lloyd's and the companies working in some kind of harmony.

The stresses to which the London market has been increasingly subjected were vividly illustrated by the strife which in March brought the resignations of nearly half the members of the committee. The crisis was brought to a head by the lead rate which brought back to London the fleet of Mr. Y. K. Pao which had forsaken the world's insurance capital the previous year. The rate was widely believed to be unnecessarily low and in breach of the Joint Hull Committee's attempt to hold the line. After much to-ing and fro-ing the rift in the *committee was finally healed*, although its deputy chairman, Mr. Henry Chester, did not return.

However, the affair did force London underwriters to examine the implications of the developing trend towards a totally beggar-my-neighbour approach. Whether this trend has been checked is still a matter of argument. Only a couple of months ago Mr. Charles Gibb, chairman of Lloyd's Underwriters Association, was drawing attention to the fact that "the massive capacity of some London insurers to provide reinsurance continues to be used to fuel the fire of irresponsible and damaging competition from overseas markets."

"In addition to merely reinsuring a competitor who has written a risk on a blatantly uneconomic basis, these insurers compound the offence by offering over-riders profit commissions, etc., all of which combine to ensure that the reassured, with his low retention, will suffer little or no loss and thus be able to continue to compete with such intensity. While these marine insurers in London continue to provide such liberal reinsurance protection there can be no end in sight of the competition that is currently forcing premiums down to such inadequate levels," wrote Mr. Gibb.

Clearly, many of the practices of which Mr. Gibb and others have complained derive from the shortage of business brought about by the world shipping recession, and in particular by the tanker surplus. premium income has been slashed by the enormous tonnage in lay-up—more than 50m. tons at the beginning of the year and around 35m. tons now —and losses such as the Berge Istra and the Olympic Bravery have meant that there has been no corresponding reduction in claims.

Burden

Inflation and devaluation have also taken their toll. The continually rising cost of repairs this year has been a worrying burden on the hull market, while in the cargo market the world recession has created such fluctuations in the value of raw materials that improvements in rates and conditions of insurance have proved impossible to achieve.

Moreover shippers have become increasingly fond of assuming larger shares of cargo risk at a time when cargo insurance is also feeling the effects of port congestion, particularly in the Middle East. Insurers have taken steps to cover themselves against the *effects of mounting delays* on cargoes at Gulf and Red Sea ports but once on land cargoes have become susceptible to theft and hijack.

Several of the structural problems which have been bedevilling the marine insurance market for more than two years are now pretty well established in aviation insurance [...] Rates are being forced [...] competition within the [...] market and from abroa[d...] same time as the pa[...] aviation insurance is c[...]

Wide-bodied aircra[ft are] steadily becoming a lar[ger] portion of the total [...] most of the major w[orld] fleets and, thanks to i[nflation,] their new values will [be] approaching $40m. Me[anwhile] many of the older jets a[re] insured for values we[ll below] their replacement cost[s; if] they are replaceable, wh[ich they] are not being insured a[...]

Happily, insurers app[ear] content with the advent [of Con]corde, whose high uni[t value] have been absorbed by th[e] market on terms which [suggest] that the aircraft is no[t] regarded as a giant tec[hni]cal leap requiring a ne[w insur]ance perspective, alth[ough a] special rating has been [applied] which should be rem[oved in] time.

While aviation is no[t as de]pressed as marine insur[ance, the] outlook is threatening [as was] recently summed up [in an] ominous warning by [Mr...] Hewitt, chairman of [the] Aviation Underwriters' [Associa]tion, who pointed out [that if] no steps are taken to [stop] falling rates or to corre[ct some] of the current unprof[itable] underwriting practices, [the avia]tion market must be hea[ding for] underwriting losses wit[hin the] next year or two."

By a Correspo[ndent]

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INSURANCE V

its

Motor premiums set to rise again

NG rocked by motor creases averaging 40 1975, motorists may hey have got away y this year, with like 12 to 15 per 977 looks likely to asy on the pocket.

he underlying infla- higher than might nticipated — though likely anyway that ice company was ums on the Govern- gle-figure inflation ddition, the Govern- nade it clear that ould pay an increas- to the National ice to cover treat- l accident cases. It another expensive

the 1975 premium s were exceptional; extent they were ground lost to industry could see its profits—as the g table shows there nderwriting loss of 75—and as it takes months for a rate through to the profit / loss insurance com- trying to make sses and prepare spiralling inflation.

ck, we see that in companies were antial losses. The imple enough; in- tes were being ecause of the mpetition artifici- g down the pre- now blame this the collapsed General group, omething like an motor market and ental in holding ıms. Events have e V and G concept wrong.

iums were in fact le more than cash estment. Certainly G went to the wall others took the to increase their re profitable basis. was a sharp reduc- 972 loss, followed of profits during 4.

, events began to ain with the in- me by way of roar- The result was les were leap-frog- ner during the year r rate increases e usual annual re-

was hitting the hrough increased pare parts, garage e awards made in injury. An index t factors produced shows that taking 0 at January 1972 are part prices had nodest at 123 by January 1974, but after that the index shot up to 197 at the beginning of this year and to 216 by last July. Garage labour charges had risen to 136 by January 1974 and then on to 223 by July 1976. The indices for new and used cars over the same period had risen to 208 and 174 respectively.

So events look to be repeating the 1974-75 pattern, when the companies pushed premiums much higher. Another point to consider this time (which was missing then) is the devaluation of sterling. This is definitely hitting spare parts for imported models, and next year's rate increases could be a harder blow to owners of imported vehicles.

Overseas the problem is worse. As the table shows, losses there are massive compared with the U.K. figure and the future is more bleak. If one can attribute these losses to any one reason, it is probably that Government intervention in other markets has held down rates.

In the U.S. the picture is a little more hopeful. There has been a considerable increase in premiums, despite the election year, and there is a good possibility of the industry moving into underwriting profit next year. The Automobile Premium Index shown by Rowe and Pitman at a base of 100 in the first quarter of 1974 started 1975 still at 100, started 1976 at 128, but the brokers estimate could end this final quarter with a sharp rise to 145. Outside the U.S. the hope is for a gradual improvement after last year's £70¾m. loss.

Back in the U.K. it looks as if the legislation to be introduced next year to recover the cost of treating road accidents will be in the form of a flat levy. It is estimated in 1975 the cost was some £40m.; insurers contributed just £1½m. Outside estimates are putting the flat charge at something like £3 a vehicle, and perhaps £4 if the Department of Health and Social Security is hoping to recoup half of the £55m. cost reckoned to be coming up this year, rather than the £40m. of 1975.

It is all bad news for the motorist. So what can he do to keep down insurance costs? Some have traded down from a fully comprehensive policy into third party (possibly with fire and theft) plus a separate legal costs policy. In proportion surprisingly few have taken this route.

A few pointers suggested by General Accident may provide some help. First restrict driving to yourself plus spouse; this could save 10 per cent. Take an excess of, say, £50 on accident claims; this could save as much as 15 per cent. Obviously try and hold on to the no claims bonus, and make sure you are not liable to some special reduction such as a reduced rate for drivers over 60.

Terry Garrett

MOTOR UNDERWRITING RESULTS

(£m.*)

	U.K.	U.S.	Rest of World	TOTAL
1969	−15.4	−14.5	− 9.8	− 39.7
1970	−31.3	− 9.7	−10.5	− 51.5
1971	−25.5	6.4	−10.7	− 29.8
1972	− 3.0	9.5	−18.4	− 11.9
1973	12.7	− 2.0	−29.8	− 19.1
1974	1.8	−11.3	−41.6	− 51.1
1975	− 4.6	−74.7	−70.5	−149.8

* Minus indicates loss.

Source: British Insurance Association.

Life assurance doing well

FEW SECTORS in Britain have done as well in recent years as the life assurance industry. It is fair to say that during the financial crunch of 1973-74 life companies suffered unprecedented falls in the asset values of their portfolios. But their premium incomes carried on rising and in this respect they have been more fortunate than most other sectors of the economy.

New yearly premiums have risen from £348m. in 1971 to £984m. in 1975—very few other sectors can boast such a near-trebling of income during those hard-pressed years. New single premiums and considerations for annuities have been rather erratic, however, rising from £315m. in 1971 to £708m. in 1973 and then tailing off during the two ensuing years to £250m. in 1975. This drop mainly reflects the falling popularity of single-premium unit-linked contracts during the crunch years and there is now some evidence to suggest that the fashion is reviving. Another reason for the poor sales of single premium bonds was the closing of the tax loophole which gave birth to the popular guaranteed growth bonds. Sales of these plus guaranteed income bonds have made up a large proportion of single premium bond sales.

These figures are for total new business written and include the important business written overseas. This has shown a steady increase in new yearly premiums received, which have increased by more than threefold since 1971 to £144m. This is the main portion of overseas business written, for the amount of single premiums received is much smaller. Over the past three years the latter has remained stable at around £32m.

The past five years have been noted for the rapid growth in the unit-linked sector, which was interrupted by the 1974-75 downturn and is now beginning to re-assert itself; and for the reduction, for the first time in many years, in terminal bonuses declared by many conventional life offices. These experiences highlight the essential differences of these two types of life asurance, for while unit-linked asurance suffered from a failure of confidence by the public as asset values were visibly eroded when stock markets and property markets crashed, the closeted portfolios of the conventional offices were less exposed so that their sufferings only became tangible when they began to drop the rate of terminal bonuses.

Impact

These experiences had a more severe impact on sales of unit-linked contracts. Their combined annual premiums were £28m. in 1972, £38m. in 1973, £46m. in 1974 and £45m. in 1975. Yet the revival of confidence in the financial sector has had a visible effect on their recent sales which have risen by nearly half in the first six months of this year. First half sales of £48.3m. were more than for the whole of the previous year.

The impact has been even greater in single premiums, which has been the main success of unit-linked assurance. After rising nearly three-fold in one year to £296m. in 1972, they peaked at £346m. in 1973 and then fell sharply to £84m. last year. Yet in the first six months of the current year they are just over £100m.

By their very nature it is expected that sales of unit-linked assurance will vary with general investment sentiment, just as unit trust sales have varied with the general stock exchange indices. Sellers of this type of assurance have always stressed the investment merits rather than the protection afforded, for in most cases the death cover is minimal.

As this sector has developed, more investment choices have been packaged for the public. So what at first started off as an attractive way to invest in equities with favourable tax treatment has now mushroomed into a sector that can provide suitable investment opportunities in property, gilts, agricultural land, money bonds and an endless variety of mixtures between these different investment avenues. One of the most popular brands is the so-called Managed Bond, a three-way investment in equities, property, and gilts.

Timing

The main attraction of unit-linked over conventional assurance is that the investor can choose the timing of his investment. He can decide when to buy and when to sell his investment and when he sells he gets the intrinsic asset value of the underlying fund representing his collective portfolio less a fixed charged. This value in turn depends upon conditions ruling at the time and for this reason the investor should have some degree of flexibility—any person forced to sell his bond in 1974 may have lost some of his original investment, but if he had waited even 12 months would have done very much better.

Those investors who do not feel happy about this risk should content themselves with conventional life contracts which provide a minimum sum at the end of a fixed period, irrespective of the actual performance of the portfolio, which is normally a mix of equities, property and gilts.

The sum assured can of course be increased by reversionary and terminal bonuses which are declared on with-profits contracts. The size of these bonuses depends on the surpluses thrown up by the actuarial valuations done every year which assess the liabilities of the life companies against their assets. Bonuses vary widely according to which life company you use and depend on such factors as growth of the underlying portfolio, management of expenses, etc.

Once a bonus has been declared it cannot be taken back, even if the share markets and so on fall. It is this degree of protection that is at the root of conventional life assurance, for it provides a degree of safety that cannot be matched by any other form of investment savings. You can collect the sum assured on your policy plus declared bonuses irrespective of the investment climate.

Of course, in bad times the bonus rates are rather lower and it is only this year that some companies have started raising them again after lowering their rates for the past year or two. Until inflation got out of control some years ago, most life companies have managed to just outstrip the inflation rate in their declared bonuses.

Roy Levine

Continuing debate on investments

INSURANCE COMPANIES as a group, with some £30bn. of funds, are unquestionably Britain's largest investors, a role which has drawn them, however reluctantly, progressively closer to the political arena.

The importance of their immense funds in the investment scene has led to a certain two-way tug upon them, with insistent pressures for them both to subscribe to the Government's gilt-edged stock issues and to channel more cash into industrial development. Sensitivity of investment managers to charges of inadequate financing of industry has recently led, after considerable debate, to support for such novel joint ventures as the bank-backed Finance for Industry's £1bn. medium-term facility and the City's new equity bank, Equity Capital for Industry.

But in terms of the total sums involved, the most important element in the insurance industry's recent investment strategy has been that the Government, with a Budget deficit of around £11bn., has had to look to these major institutions as buyers of its gilt-edged stocks to finance its borrowing requirement. Further, it has had to pitch the terms of such issues sufficiently high to attract this support, lately offering returns up to almost 16 per cent.

The dominant feature of the insurance companies' investment both last year and this has been its buying of gilts, and the likelihood must be that, with the prospect of continuing large deficits, the trend will continue.

This is notwithstanding the fact that the companies have been supporting the big resumed flow of cash-raising rights issues of Ordinary shares and, in a number of cases, putting more cash into property, often to bolster some of the property concerns with which they formed partnerships in the palmy days of 1972-73 and which have subsequently run into much harder times.

In 1975, no less than £1.6bn. of the £2.5bn. invested by the insurance companies went into gilts—more than four times the greatly-enlarged £339m. placed in Ordinary shares, much of it through rights issues. In the first half of this year, £735m. more was channelled into Government stocks, a figure which has certainly been substantially increased with the big flow of new gilt issues in the third and fourth quarters.

Up to now, the insurance industry, like the pension funds—the other main group of financial institutions—has enjoyed a high degree of freedom in making investment decisions. Unlike many of their counterparts abroad, the companies can themselves determine how their resources are disposed without any obligation to commit any minimum to the gilt-edged sector. The inducements to invest in Government issues are those of persuasion — hence, largely, the very high level of long-term interest rates—rather than of force.

Restriction

The law has, however, of late introduced the first significant restrictions on the insurance companies' absolute control over their disposition of investments, in the shape of the Insurance Companies (Valuation of Assets) Regulations 1976 under the Insurance Companies Act 1974.

These new rules were prompted by concern in the past few years' property and secondary banking crisis that insurance companies might have put too many eggs in one basket through some of their big property ventures, and that they might be assuming higher than existing values for certain shares and other assets at a time of market collapse.

One key point of the regulations is that, for purposes of calculating the required solvency margin, holdings of stocks and shares must be counted in at market values and unquoted assets reckoned in a parallel way. Historic book values, if higher, will not do, even though it may be hoped that they will be recovered by a better turn in market trends. There are also significant restrictions on the extent to which single large assets may be taken into account.

There has certainly been a noticeable build-up of complaint in the past year or so that the institutions have failed adequately to back industrial investment, a claim frequently linked to the long slide in manufacturers' capital outlays as, in some sense, its cause. For good measure, the argument is thrown in that, if the insurance and other institutions had not plunged so heavily into property and secondary banking in the early 1970s, they would have had extra cash available for the more meritorious purpose of supporting industrial expansion.

Broadsides of this kind are to be found in the Labour Party's "Banking and Finance" proposals for nationalisation of the biggest banks and insurance companies. The same kind of reasoning also finds a place in the detailed proposals for much closer regulation of investment by Mr. John Hughes, Vice-Principal of Ruskin College, Oxford, in his Fabian Society pamphlet "Funds for Investment" earlier this year. A complaint made by these critics concerns additionally the marked volatility of the institutions' investment, with its minimal investment in company securities in the depressed market period of 1974, to be followed by a strong recrudescence in the following two years.

Complaints

To all this, the institutions strongly argue that, as trustees for their policyholders and beneficiaries, they would have been wrong to maintain investment in equities when the market was falling as heavily as it was in 1974 and that, in any event, extremely few cash-raising rights issues were offered at that time. More generally, the institutions and the City claim that there is no shortage of finance for viable industrial projects. In addition to having provided the cash for a good part of the £2bn. of rights issues since the beginning of last year, insurance companies also make available a certain amount of money for industry by way of mortgage loans secured on buildings and land.

Recognition of the weight of political discontent about the sluggishness of industrial investment has, however, helped the majority of insurance concerns and other institutions to support two new enterprises designed to make doubly sure that there would be no financing gap.

The institutions have been willing to stand behind the £1bn. medium-term loan plan set up in early 1975 by Finance for Industry, the body which is backed by the banks. So far, comparatively little—not much more than £200m.—has been lent under this scheme, the present very high interest rates and the much improved liquidity position of many companies having both tended to dampen the borrowing demand.

The other, and somewhat controversial scheme, has been the equity bank, Equity Capital for Industry, established recently by the institutions and Finance for Industry to channel capital to companies which could not raise it in the market—for instance because they were going through temporary difficulties. Scaled down from an originally conceived grandiose £500m. project to one with an offered capital of £50m., the equity bank has been the subject of considerable dispute, some institutions holding that it was either needless or would involve too hazardous a commitment of funds.

In the event, only £41m. of ECI's own shares were subscribed for, the insurance concerns putting up £13½m. out of the £17m. offered to them, since a number of Scottish insurance bodies preferred not to participate.

Now, the equity bank, at present at the stage of considering its first investments, is very much seen in the City as the private sector source of funds in situations needing special support, in contrast with official sources. The fact that in one notable current case, that of the Sheffield steel company Dunford and Elliott, alternative packages of financial support were prepared both by the State-owned National Enterprise Board and by institutions jointly with Finance for Industry and the equity bank underlines how the City sees the equity bank as being, in some sense, a financing alternative to the public purse. To judge by developments in the Dunford case, the NEB may be quite content in many circumstances to let the City provide a solution to company problems where it can do so.

One consideration which is likely to keep the equity bank in the public eye, despite its limited resources, is the high-powered composition of its Board, headed by industrialist Lord Plowden, who was until recently chairman of Tube Investments. From the insurance industry ECI has three directors, Mr. Ernest Bigland, vice-chairman and managing director of Guardian Royal Exchange Assurance and former chairman of the British Insurance Association, Mr. Peter Moody, joint secretary [...] vestment manager of P[...] Assurance, and Mr. [...] Hall, general manage[...] Clerical Medical and [...] Life Assurance Societ[...]

Trifling

In terms of the [...] industry's total invest[...] £13½m. contribution [...] equity bank is relativel[...] Total investment by t[...] ance companies last [...] £2.5bn., compared wi[...] in 1974 and—on a [...] narrower basis of co[...] only including membe[...] British Insurance Ass[...] £1.7bn. in 1973. Th[...] tion of resources yea[...] has varied sharply d[...] period, though for so[...] reasons.

The remarkable co[...] 1974, when share ma[...] to their lowest for [...] explain why invest[...] shares declined to o[...] in that year from [...] 1973, before rebou[...] £339m. last year, [...] through the insurance [...] support of the big res[...] of rights issues.

Perhaps the shar[...] about during this p[...] that, while cash and [...] holdings were preca[...] added to by £868m. [...] they were drawn [...] £251m. in the follo[...] when more normal [...] encouraged a policy o[...] long-term investment.

Investment in gilts [...] from £319m. in 197[...] £115m. in 1974, [...] sharply to £1.6bn. [...] Investment in l[...] property, a trend de[...] the early 1970s when [...] of appreciation seeme[...] good in this field, co[...] around £300m.-£400m [...] during 1973-75 [...] remained this year [...] level.

The big swings in t[...] of investment over th[...] years shows that the [...] industry's investment [...] have not minded ha[...] swings in their dis[...] funds according to th[...] ing appraisals of th[...] This may well conti[...] their view, though i[...] that current criticis[...] volatility of invest[...] increase if there is [...] to a more stable pa[...]

Margar[...]

Mounting cost of fires

THE MOUNTING cost of fire losses is giving cause for concern to everyone, not least the insurance companies. The industry has been accused of being interested only in making profits for shareholders and not in the restriction or elimination of fire losses. It is further argued that, if there were no insurance, people would be that much more careful anyway because they would have to stand the losses themselves.

Naturally, the insurance industry would vigorously oppose such arguments. And certainly with losses ballooning up, swollen by inflation, it would be quite inconceivable to counter mounting replacement costs merely by increasing premiums every time. A considerable amount of effort has gone into attacking the problem at source—the fires themselves.

For example, the British Insurance Association sponsors the Fire Protection Association, which in turn co-ordinates the Fire Liaison Panels up and down the country. Such panels are often made up of people from different professions but with a common interest in eliminating fire. There are usually representatives of the British Insurance Association, and the fire brigade. Others could be from the Confederation of British Industry, the trade unions, the local Chamber of Commerce, from among health and safety executives, local authorities and architects.

The expansion of the Fire Liaison Panels to put them on a county basis—there were 12 regional panels before—is a significant event in itself and matches the fire brigade's own switch to a county system.

The Fire Protection Association itself providing masses of information for industry in the form of leaflets and films for which there is a healthy demand. There is also a good deal of call for talks by the FPA to workers.

The literature produced by the FPA takes many forms but more recently specific books have been produced for a number of industries—food, knitting, plastics and woodworking industries, plus the latest one on printing.

The insurance industry, via the FPA, has also made a good deal of progress in influencing architects in the design of buildings and the use of materials. It was regarded as something of a breakthrough, for example, when the Royal Institute of Architects started incorporating design to combat fire in its teaching. However, the Summerland fire, where the use of certain materials came into question, was probably also an influencing factor.

All told, the insurance industry has greatly improved its relations with other parties. It is now in close consultation with the fire brigade when at one time the two camps were often at loggerheads.

Horrify

However, despite this closer working and co-operation, the fire loss figures continue to horrify. In 1974, the latest year for which detailed figures were available, the total emerged at £237m. Of that sum, £36m. was accounted for by the Flixborough disaster, which made the chemical industry far and away the top loser at £43m. that year. Next was the engineering sector, where the total fire costs were £12.8m., followed by distribution/retail and professional and scientific services at around £11m. apiece, and the textile and wholesale distribution industries at £10.6m. each.

In that year, there were 22 fires costing of £1m. each; more than half the losses caused over the period were caused by only 42 fires.

The breakdown provides some other distressing information — that 45 per cent. of the fires for which losses could be determined were started deliberately by children or adults. And it should be remembered that these instances are only those where it can be proven as malicious damage. There were a further 469 fires, costing almost £100m., for which the causes were unknown. It i[...] significant that 60 pc[...] total fires occurre[...] working hours.

Malicious damage [...] recognised as the ch[...] area. In 1972, 143 [...] started by arsonists, 2[...] lowing year and 305 [...]

A breakdown of 1[...] which totalled £213m [...] be available until [...] But the trends in 1975 [...] largely the same and [...] been some shifts in [...] table. Engineering e[...] the head, with 96 fir[...] £18.8m. Textiles wa[...] £14.8m., with retail d[...] and professional and [...] services both of the [...] £12m. In the same [...] there were 16 fires co[...] £1m. each.

The provincial fi[...] 1975 show that 35p [...] £100 of Gross Domest[...] was lost through fi[...] compares with 26p in [...] sounds frightening. [...] even more disturbing [...] that 1975 will actuall[...] as a relatively good y[...] the total was down [...] and there were less 1[...] Secondly, the figures [...] to date indicate tha[...] in for a bumper 12 [...] and that has very lit[...] to do with the drou[...] tions that existed t[...] the summer. Up to t[...] September, the last [...] month, fires had log[...] total of £188m. agains[...] at the three quarter[...] 1975. There have [...] 24 fires of over £1m [...] a total of £37.6m., t[...] being an electrical [...] manufacturers at £4.2[...]

Mr. E. F. Bigland, [...] chairman, said last [...] "It is encouraging t[...] fires in 1975 devel[...] disastrous proportion[...] essential for everyone [...] to be especially vigila[...] 1976 so that this im[...] provement can be c[...] The latest figures must [...] come as a consider[...] appointment to all co[...]

Keith[...]

Consumer safeguards

CE HAS always been ast in theory, on the of utmost good faith, also been sold on the of *caveat emptor*—let beware. If an indi- k out a policy which quently found to be , there is very little o about it. But this is consumer protection has been comprehen- ation enacted in many signed to protect the -virtually from the he grave.

eld of insurance, how- overnment has so far self to ensuring that policyholders do not plete financial loss insurance company financial trouble. The he collapse of Nation still being felt and will have unhappy of Vehicle and the last decade.

Policyholders Protec- 975 will ensure that ual consumer will in f a failure receive 90 of the value of his per cent. in the case sory insurance con- as motor policies. ll be administered by holders Protection the money needed to benefit level will be levy on the premium nsurance companies.

sumers can now take cts secure in the hat they will not lose vings or face unpaid insurance company nt. A warning here rs is that experience vs that it does take te length of time to go through the due processes of the law, so affected policyholders should not expect to get their money within a few days or even weeks of a collapse. It is hoped the powers given to the Department of Trade under the Insurance Companies Act 1974 should ensure that no insurance company will become insolvent in the future.

Vital though this action is to consumers it can be likened to building a hospital at the bottom of a cliff while ignoring the erection of a fence at the top. It is still possible for the consumer to lose money with the most financially secure of insurance companies, simply because he bought the wrong policy, or failed to read the small print or cashed in at an inopportune time. And here the consumer is left very much on his own, usually through ignorance.

Check

Buying insurance—both general and life—is not the straightforward business portrayed by the TV advertisements. The consumer first of all has to decide what insurance he needs at what level of cover and with which insurance company. Then he should check that the policy he gets meets his requirements, in particular what is not covered by the policy. Very few laymen can do this without expert help, and all would be well advised to seek such advice either from full-time agents or staff of an insurance company or from an insurance broker.

Insurance is not like many products that can be tested for suitability with a few weeks' trial. In general insurance the acid test comes when a claim arises which may occur many years after the original insurance has been taken out. There is no money back option on any insurance contract and even if there were it may be quite inadequate to meet the bill that the insurance should have covered.

What the consumer requires from insurance companies in the first place is to know exactly what cover is provided by a particular insurance contract and perhaps more important what is not provided. The policy document itself is a legal document using legal language, so most likely a further document, in straightforward terms, would be needed. The insurance companies will no doubt complain that costs are high enough as it is. Nevertheless, the consumer has a right to know precisely what he is buying without the services of an interpreter. If it results in companies producing much simpler contracts with fewer exclusions so much the better.

Secondly, there should be an automatic cooling off period, say 14 days, during which the consumer could cancel the contract and get his money back if he changed his mind. This period is much more necessary with life assurance than with non-life. Contracts under the latter are for one year so if the consumer has the wrong type he can change at the end of that year. With life contracts however the policy has to run the full term to get the benefit. If the consumer cashes-in early, he will suffer a penalty, especially in the early part. For instance if he takes out a whole life contract without profits, he will not receive a penny if he surrenders in the first or often the second year.

The Scott Committee in its report three years ago on linked life business recommended such a cooling off period. But it is just as essential for traditional life as for linked business. The Government is still considering this recommendation and some linked life companies have already implemented the system. But if it should be universally applied, it could certainly save companies a lot of trouble in the future when dissatisfied consumers come back to the life company at a later date.

There is a growing move towards monitoring the advertisements of insurance companies — especially those relating to life policies where the advertisement is orientated towards savings and investment returns. What needs to be controlled is the claims tending to imply high returns for very little outlay. This area needs urgent action, but the companies can make life more helpful for the consumer by having a voluntary system of control on advertisement.

Monitoring

Finally, what system exists for consumers to make complaints against the insurance industry? The consumer may well consider that ranks will close the moment he tries to protest against the way he is treated. But recently the British Insurance Association has produced a leaflet explaining to consumers how it can help in three main areas, inquiries, information and in dealing with complaints.

The BIA recommends consumers to make their complaint direct to the insurance company. But if this cannot be resolved directly then it is prepared to deal with it if the consumer contacts it with the problem. The BIA in handling such complaints deals with the top executive of the company concerned and follows it through so that the consumer cannot be fobbed off by delay or by being ignored. The BIA point out that it has no power of arbitration or final influence over the insurance company—one of its defects appears to be that its role is purely that of a trade association. But it can often sort out misunderstandings and advise the consumer on further action.

Life queries are handled by the Life Offices Association but they operate on a similar system to the BIA. However the emphasis is rather different. Life queries tend to concentrate on the amount being paid on surrender and the only thing the LOA can do is explain the basis of calculating surrender values. General insurance queries handled by the BIA are more concerned with dealing with claims and here the BIA can do a very useful task in sorting out the problems. Both bodies have contacts with Citizens Advice Bureaux, the Office of Fair Trading and the Department of Trade.

Complaints against insurance brokers are handled by the appropriate broking organisation—there are four. But there is a close liaison between the associations so that a complaint will reach the proper association to handle it.

Eric Short

Knotty problems within EEC

ow almost a standard n EEC procedures onisation measures time in the melting e field of insurance tion. Indeed since I April at the various directives which were orce, in the pipeline planning stage, the ing feature is that new has happened some draft directives longer to see the y than was thought at time.

", to the layman, a the steps being taken ise insurance rules es seem to be very d; and the main im- that the member re trying to agree on hat seem most likely in deadlock and to knottiest questions. This is not really however, for each shes to protect its ance industry and wide divergencies ferent systems.

particularly the case British system com- say, those of France ny, where insurance traditionally less n it is here. It con- the question of on (whether com- y be permitted to d the requirements .

tion on solvency is l by the fact that the Ireland stand apart or all of other mem- tries in certain ich as no obligation e surrender values, over the choice of s and no statutory valuing assets and. The crux of the is that in the U.K. cy margin which is adequate takes of such technical mortality rates, ex- s, etc. (not to men- urance) while the EEC countries like ency in the form of margin proportionate rlying reserves, held rm of uncommitted and above a statu- um valuation basis.

specific non-life which are currently the one which has most progress is the ablishment directive. ll about the right of ce company to estab- es in another EEC d to transact busi- er member countries ing established.

of these questions within the 1973 direc- laid down that companies no longer had to put up cash deposits in other EEC countries to guarantee their liabilities, but could provide financial guarantees from the parent company. All well and good, but the directive became effective in February this year and so far the Netherlands and Italy have dragged their heels on passing the necessary implementation legislation—much to the annoyance of the Commission, which is contemplating taking them to task on the matter.

Other non-life directives in the pipeline include those relating to "intermediaries," "non-life services" and "co-insurance." The first is just going to the final committee stage of the Council and is basically about cross-frontier freedom of establishment and services, the principle being that where there are no set qualifications the intermediary has to demonstrate expertise. This should be in force by the end of this year.

The second—non-life services—is currently having a tougher time getting through the European Parliament and the conflict between the member countries centres on whether the insurance risk should be controlled in the head office of the country of origin (the British viewpoint) rather than in the country where the risk exists (the Continental viewpoint). In practice real freedom to go outside their own market will only be possible for marine and larger industrial risks.

The directive is thought unlikely to get to the Council of Ministers before January and looks like very much a first step. On the other hand, the co-insurance directive (about partnership arrangements) is about to go back for a Council of Ministers' working party and hopes are that it will be ratified in the first quarter of next year.

There are also a couple of directives still in the process of being drafted. One concerns the winding-up of insurance concerns and the other relates to what one U.K. expert on EEC insurance matters describes as "certain so-called essential provisions relating to the insurance policy." What this amounts to is a directive laying down certain common minimum standard rules for insurance contracts. Neither of these drafts appears to be very advanced at the moment.

Where life assurance is concerned, the position is more complicated and less progress has been made. The draft "life co-ordination directive" has been doing the rounds for years and is currently in the Council of Ministers' working party. People hope that the directive will emerge from the Council "some time next year" but this is now a fairly well-worn phrase, having been repeated year after year.

The two main areas of contention are of course composites and solvency margins. Britain wants the same company to be able to write both life and non-life business because of the big composites which exist in the U.K. But while the Italians and the Belgians agree, the Germans and the French disagree—mainly because they have no composites. Essentially the conflict is probably not over the question of security of the policyholder (the U.K.'s argument that segregation of assets means that the policyholder is protected seems fair enough) but the fact that whoever climbs down will have to change drastically their systems unless forms of words can be found to get round the problem.

Debate

Much the same state of affairs applies to the arguments over solvency margins which has been under lively debate in the Council. Starting from the premise that the U.K. system of reserving is quite different from most of European countries in that we set up reserves net of reinsurance ceded, it is a matter of deciding what should a solvency margin consist of—and this is still under discussion.

Clearly there is a sound basis for the British system in that if you assume a lower yield on your investments than you are actually getting (by using conservative mortality methods) then you are building in solvency margins and building up fat in your valuation basis. The Continental method of a prescribed valuation basis plus a prescribed solvency margin also has advantages in that companies are even less liable to go wrong. The main problem is still to get a correct form of words into a directive which allow both methods to co-exist.

Even if all this sounds a far cry from the ideal of cross-frontier marketing of insurance policies in a unified system, the steps which are being taken are of necessity slow and the progress which has been made so far has been important. Certainly not even the most vehement supporter of the EEC would submit that this has been an exciting year in insurance terms and there are signs of impatience with countries which seem to be protecting their own interests too energetically. But on the whole it seems better to mark time and reach agreements slowly than lose out in profitless confrontations.

Christopher Hill

Brokers' dominant role

INSURANCE can be effected in two main ways. In one, the client, whether corporate or individual, can approach the insurance company direct through one of its representatives to discuss his needs and place his insurance with that company. In the other, he can use the services of an independent intermediary—the insurance broker— who will advise and discuss the insurance needs and place the consequent insurance where he thinks best.

The broking sector has played a dominant role in the development of the U.K. insurance industry and in making London a world insurance centre. Indeed, business can only be placed at Lloyd's by approved insurance brokers.

Technological progress in many fields has meant that the risks to be covered have become larger in size, more complex to assess and more difficult to place. As the emerging countries become more industrialised, the role played by the broker in the U.K. insurance industry is certain to be even more dominant. This is the era of the big risk—an oil rig will now be insured for \$400m. and cover for the Dubai harbour construction contract amounted to £100m.

The services of a broker in dealing with all aspects of this insurance right from the start are essential. Brokers are now responsible for producing £1.5bn. of overseas premium income each year and their direct contribution to invisible earnings in 1975 was £104m. in addition to their part in the earnings of Lloyd's and the companies.

But despite the recent efforts of the insurance broking organisations to publicise their efforts in this field, the insurance broker is still to many individuals the man with premises in the High Street who arranges his motor insurance and life assurance. The public have trouble distinguishing between the full-time intermediary offering a wide service and the part-time agent dealing with at most a handful of insurance companies. The dividing line is very blurred, since both call themselves insurance brokers. There is no control or supervision in the industry. Anyone can trade as an insurance broker and there are four different broking associations.

Many brokers have for some time been dissatisfied with this lack of control but did nothing very positive about it until the Government took the initiative and requested the four broking organisations to submit recommendations for self-regulation. This galvanised the brokers to get together and take action. Their scheme of control of the insurance broking sector with a minimum of Government intervention was submitted to the Government in August and details released to the public at the beginning of the month.

Council

The consultative document was drawn up by the British Insurance Brokers Council—whose members are drawn from the four major broking organisations, the Corporation of Insurance Brokers, the Association of Insurance Brokers, the Federation of Insurance Brokers and Lloyd's Insurance Brokers Association. Such a formation in itself represented a major step forward in a profession that had previously been fragmented even regarding professional representation.

The first interesting item in this submission was to define exactly what insurance broking is and who could be considered an insurance broker. This was part of the initial directive from the Secretary of State for Trade who had expressed his concern over the lack of any clear distinction between brokers and other insurance intermediaries. The public would certainly like to know the difference.

The BIBC had a ready made definition from the EEC derictive on insurance intermediaries. Stripped of its legal jargon, it purports that an insurance broker is an intermediary who acts completely independently, both as regards giving advice and in the placing of business. This would put out of court all those part-time agents trading under the name—a move which many "true" brokers have been advocating for a long time.

The Council document then goes on to recommend that all persons or firms using the title insurance broker be registered with a special committee set up by the Council. To be granted recognition a broker would have to have achieved certain educational standards and fulfil certain experience conditions. The recommended standard is Associateship of the Chartered Insurance Institute and three years' experience or else five years' experience for those who have not passed the CII examinations.

No one can object to this standard, which is adequate but not onerous. Intermediaries need to have a good working knowledge of insurance, but they do not need to be boffins. But since the CII examinations are not orientated towards selling, the BIBC at some future date might, if this scheme is accepted by the Government, consider introducing its own examinations.

Next the BIBC lays down minimum financial and solvency requirements for brokers and will insist that annual accounts are submitted duly audited. Again no one can possibly quarrel with this condition. It is only common sense that a business is run with adequate financial resources. Yet many budding brokers start off on virtually a shoe-string.

Then brokers will have to take out adequate errors and omissions liability insurance equal to three times the annual premium turnover, with a minimum of £250,000. This is essential if the client is to be fully protected from any mistake of the broker. After all, brokers are only human and mistakes occur even in the best-run organisations. Finally there will be established a guarantee fund financed by a levy on all brokers out of which all individuals would be compensated for the financial failure or fraud of a broker.

But most complaints against intermediaries concern being given the wrong advice, being sold the wrong policy with the wrong company. The function of a broker is, as Mr. David V. Palmer, deputy chairman of Willis Faber and Dumas, told the Financial Times World Insurance conference, to give his client adequate protection, not to sell him unnecessary insurance. How many individuals are sold the wrong type of life policy?

The BIBC to its credit does not attempt to lay down a set of rules by which brokers would transact their business. Such a document would be worse than a trade union rule book. Instead it lays down a simple straightforward code of conduct which brokers have to agree to follow. And it backs this up by recommending the establishment of a complaints and discipline committee. This would hear complaints against brokers from clients and would take the appropriate action, including withdrawal of registration, if the complaint was found justified.

This is probably the most effective way of having insurance broking conducted on a basis that will provide a good service to the public without hindering the freedom of operabusiness in a very competitive world market. The BIBC emphasised that it had taken as its model the conditions for membership of Lloyd's brokers which seem to have achieved the correct balance between control and unlicensed freedom.

The BIBC has asked the Government for legislation so that no one can trade as an insurance broker unless he is registered. This would not put anyone out of business who was not prepared to register, but he would have to use a different name. In life insurance many have gone out of the way not to be called insurance broker—financial planner was the occupation description. The rest would be up to the public to understand that insurance broker was something extra. The industry hope that the Government will accept their proposals. They don't want the dead hand of Government regulations on them.

Eric Short

Involvement in Third World

THE ACCELERATION of nationalism among the developing countries has left a considerable mark on the U.K. insurance industry over the past decade or so. One by one the countries that make up the Third World, of which Britain's former colonial territories represent a large part, have decided that national pride cannot be complete without an indigenous insurance industry—in much the way that airlines and sports stadia have become firm symbols of national kudos.

But there is more in this trend than a simple desire on the part of the underdeveloped world to fly the flag. Where local insurance industries have been set up (in many cases with the help of expertise from this country) there has often been an urgent need for savings in foreign exchange. But whatever the motive the end result is that U.K. underwriters have been gradually eased out of what had long been traditional areas of operation.

Change

The major composites with wide overseas connections have been the first to feel the wind of change, and that goes for the life companies too. The reinsurers have also had their problems, although in their case the two-way flow of business has brought some benefits. The amount of actual business that a newly developed insurance company can undertake is often limited, and as a result recourse to reinsurance is a top priority—especially for higher risks where the London market is one of the few international insurance centres capable of absorbing specialised business.

Mercantile and General Reinsurance Company is especially busy overseas, and it cites Africa as an area that would make an excellent case study for any one wishing to analyse the growth of nationalism and its effect on insurance. The M and G is the biggest reinsurance company in the U.K.; its counterparts in Africa are mostly nationalised companies, notably in Malawi, Zambia and Tanzania. Ghana is currently in the process of setting up its own reinsurance industry, but Kenya still runs a mixed system — part nationalised and part free enterprise insurance.

M and G stresses that the growing industrial sophistication creating problems. Some economies are growing fast — notably Nigeria — and this is not being matched by the growth of risk management. Fire hazards are one of the company's biggest headaches at the moment.

M and G also has extensive links with the Far East — it helped set up the Nepolese insurance company at the end of the 1960s — where the major markets centre on Indonesia, India and Taiwan. Most of the Indonesian insurance industry is nationalised, and where there are foreign incursions the authoties demand that they be accompanied by large cash deposits. For example, a general, non-life insurance company wishing to operate in Indonesia would need to put down an initial \$250m.

But the part of the U.K. insurance industry that has had the most contact with the developing world is probably the insurance broker. By its very nature much of the insurance business to emerge from the less developed nations finds its way on to the London market, which is big and specialised enough to accept the sort of risks over and above normal commercial development (oil tankers, airliners and so forth). The brokers have consistently used their expertise to advise and set up local industries—not for philanthropic purposes but to increase their own business and set up two-way flows of trade.

C. T. Bowring is big on the Indian subcontinent, while Minet gets something like an eighth of its premiums from the Far East. Sedgwick Forbes highlighted the importance of developing areas when shareholders were told at the annual general meeting earlier this year that it was the group's policy to extend services into promising new fields. The chairman underlined the amount of time and effort that the company was spending on seeking new opportunities in the Far and Middle East.

Likewise, C. E. Heath drew special attention recently to overseas outlets. Heath too has high hopes of the Middle East having recently acquired a 25 per cent. stake in an insurance group based on Abu Dhabi. Heath's aggressive approach to new business was reflected in its interim profits which, helped by the weakness of sterling, more than doubled before tax in the six months to September.

But by and large the insurance brokers act simply as middlemen—creating the contacts and placing the business. The technical problems ated with insurance a way its development is in developing countries problem that world bodi begun to look at cautiou couple of years ago the Nations Conference on and Development (UN produced a secretariat st reinsurance in the dev world. One of its more i ing chapters dealt with city as a substitute for ing direct insurance ope to other countries.

UNCTAD writes th direct approach of esta agencies and branches individual frontiers m possible in only a fe where a developing wishes to widen its sp business. The cost o operations and the te requirements of setti operating and controlli agencies are often not c surate with the volume ness acquired by them ally in the early years operation.

Ideal

Reciprocity with insur reinsurers is the ideal s and where overseas mar closed to foreign invest the only solution. But U makes it clear that classes of business or of reinsurance treaty a able for reciprocal exchange.

The study points out t portional treaties, in p quota share and first treaties in ordinary f marine insurance, are g the most suitable for at reciprocity, especially such treaties are balan not subject to anythin than modest yearly fluc In most other kinds of namely those of an un nature or of too vari income or too small a compared with the exte risk bourne, the reinsu not be expected to off rocity in exchange business ceded.

On this basis trea often placed not ind but in the form of a "b so that the attractive can offset the less a Reciprocity therefore be considered on the one treaty but the me whole business. The urges the use of re based on an exchange ness of equivalent pro and suggests that the v actual premiums e should play a secondar

Jeffrey

Giles Merritt reports that the will and the cash are now lacking to help Ulster.

Britain's poor relation

M and the political n Northern Ireland frightening enough, mehow more chilling senior British civil plain in private that public promises of s to repair Ulster's conomy, not only is acking, but increas- ill as well.

ispicion Ulster loyal- ng harboured, along gical conclusion that to an eventual pull- ain. Withdrawal can ited straight away: nal option it still lies y ahead in Ulster's re. But the implica- esent British policy Province will become poorer relation.

refore not surprising nen, ranging from the ramilitaries' ULCCC organisation to the tholic Social Demo- Labour Party, should isfied with direct rule ated independence is ot topic in Northern hat few supporters of pendence appreciate o-it-alone blueprints forward is that the ods it is suggested bould contribute— ually over 15 years to the ULCCC or ar as proposed by the far short not only of ls but of Whitehall's rojections.

r. pressing British ifficulties have com- heavy unemployment n Ireland to create watershed. So far r's approach to dustrial decline has ely liberal, with the t often leaning over to compensate the or its geographical es and, above all, the

policy that will in t the British tax- to £1bn., consisting of £900m., according to Northern Ireland Office working estimates, for the subvention that balances Ulster's dwindling tax receipts, and probably another £100m. for the additional cost of keeping the Army in an active counter-subversive role rather than as a Nato garrison force.

As Ulster's economic and political shortcomings are unlikely to improve in the foreseeable future, British governments must look forward to a steadily mounting yearly bill from Northern Ireland, unless the ground rules can be changed. Minds have been concentrated by a document called the Quigley Report. Currently much discussed in Northern Ireland and the Republic as a lucid analysis and rescue plan, it is in fact focusing Whitehall's attention on the Province's endless demands—and their long-term implications.

Benefit cuts?

Its aim is the maintenance and improvement of Ulster's standard of living, at a price of about £½bn. over the next five years. Far from wheedling more cash out of the Exchequer, the report is leading some Civil Servants toward a re-examination of the premise that Ulster is automatically entitled to parity—meaning the same welfare state benefits—as the rest of the U.K.

There even is the doubt, delicately hinted at in the Quigley Report, that "parity" may not necessarily be in the Province's own interests. Reduced social welfare spending would release more money for industrial subsidies, reversing the present trend by which the share of industry and commerce in Government spending in the Province will have shrunk to about 13 per cent. by 1979.

The report, named after its chief author, head of the Ulster Commerce Department, stresses that it is "unthinkable" that the Province's economy could be allowed to drift steadily downwards. The new Ulster Secretary, Mr. Roy Mason, recently echoed that view in the House of Commons, but the reality is that in Westminster and Whitehall Ulster's difficulties no longer attract much sympathy. There is a growing awareness that not only is the Province endlessly troublesome but also limitlessly expensive. Before 1969, Northern Ireland enjoyed thriving industrial growth—in fact its growth rate was 50 per cent. higher than Britain's—and more or less paid its own way. To British eyes, its snowballing economic decline since then is Ulster's own fault and should be its own responsibility.

With an active workforce that is only 36 per cent. of the 1½m. population, as against 43 per cent. in Britain, per capita output is 75 per cent. of that on the mainland. Public spending per head now runs at £756, while in Britain it is £625. Social security costs are rising fast: they now absorb 23.3 per cent. of Ulster's public budget and by 1979 will have risen to at least 25.5 per cent.

Industrial closures, and the generally lower wages that create a "poverty trap", encouraging voluntary unemployment, have almost doubled unemployment in 18 months. To-day rather more than one man in ten stands in a dole queue. Most informal projections estimate that this winter's seasonal downturn will push unemployment to 15 per cent. at least, getting on for three times the national average.

Northern Ireland conforms to few national norms. To match British standards of industrial activity by 1980, 135,000 jobs would need to be created. For purposes of comparison, the total of jobs created since the last war has been 72,000, and that was chiefly during the boom foreign investment years of the 1960s.

The phenomenon is familiar enough. Industrial decline throws a greater burden on public expenditure while simultaneously cutting the tax yield from industry. The economic slump since 1973 has accelerated the problem. The British subvention to the Province has risen from £313m. in 1973-74 to £600m. this year, and will rise by another 50 per cent. in the next.

Jobs shrinking

The rate of industrial shrinkage is alarming. If some assessments are accurate then Ulster's production costs have during the past five years risen 20 per cent. faster than selling prices, and the slide may be irreversible. So far this year about 75 companies or factories have shut their doors, taking about £100m. out of the Provincial economy in wages, subcontracts and taxes and, of course, adding almost that amount in fresh demands on public spending, chiefly unemployment benefit.

In the spring of this year, the point at which the then Northern Ireland Secretary, Mr. Merlyn Rees, commissioned the Quigley Report as a "strategic" plan to "save Ulster," the vital engineering production index stood at 112. Since then it has sunk to 100, its original 1963 base. The all-industries index, too, has drifted steadily down during the past six months.

The Provisional IRA's "economic warfare" tactics of hit-and-run bombings deserve some of the blame. According to figures just released by Ulster's Minister of State, Mr. Don Concannon, terrorism has cost 13,000 jobs since 1969, with 16 industrial complexes destroyed beyond repair. The loss of tourist revenue is put at £180m. since 1969, about half the figure which the much more tourist-oriented Republic says Southern Ireland has lost.

It is another question whether Mr. Concannon is wise to strengthen the Provos' resolve with these admissions, even in the cause of the Government's well-intentioned "Seven Years of Violence is Enough — O.K.?" publicity campaign in Ulster. But the chief factor has been the loss of confidence among the non-Ulster industrial investors who still own 78 per cent. of the Province's major companies. U.S. investors alone were responsible for a third of post-war projects, and while they still control 18 per cent. of companies employing 250-plus, their new investment has reduced gradually to a trickle and then to nothing. The same is true of British investment. Half of Northern Ireland's sizeable factories are controlled from boardrooms on the mainland apparently resigned to the prospect that their Ulster operations will slowly run down.

The message of the Quigley document is partly that action should be taken to restore business confidence. The other main point is more immediate, and concerns the need to save 25,000 jobs that are sure to disappear by 1980, arguing that subsidies now are less expensive than job re-creation in the next decade. Quigley implicitly shares the much-repeated CBI view that it is idle to await a political settlement before embarking on industrial restructuring, and that therefore new life must be breathed into the economy of the Province without reference to the political situation. The argument is that foreign investors will react positively to an industrial climate which is beginning to pick up, whatever the system of government.

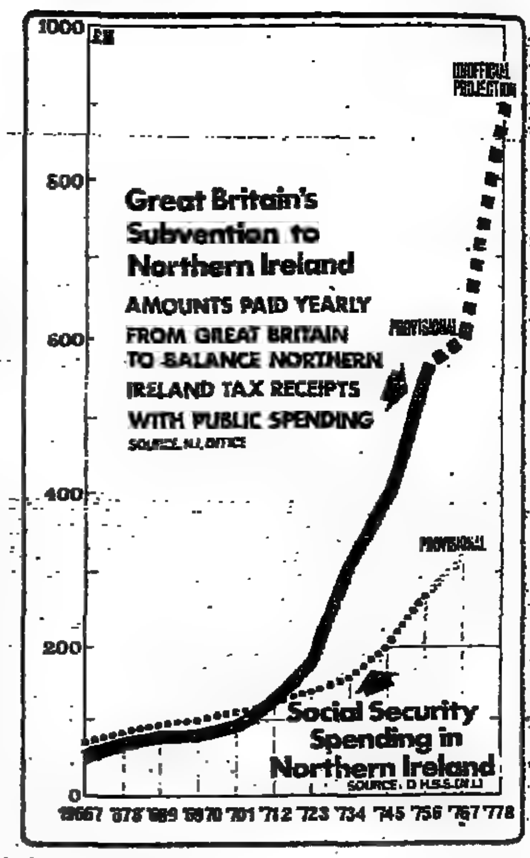
In his two months as Secretary of State, Mr. Mason has laid heavy emphasis on his determination to improve the economy. His decision to do so was originally prompted by the need to demonstrate that, as former Defence Minister, he was not coming into the Ulster job as an Army chief. It was also a way of making it clear that he did not plan any immediate scheme to restart discussions about devolved government.

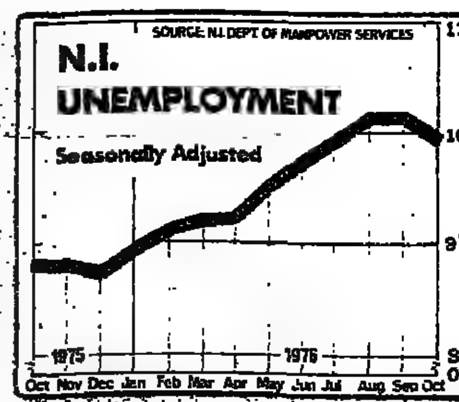
Against the advice of his senior advisors in the Northern Ireland Office, Mr. Mason chose to publish the full text of the Quigley Report. Although it had been handed over to the Government on schedule in early July, its fate was still being anxiously discussed by the civil servants because it was too brutally frank and therefore potentially embarrassing to the Government, and especially, as many of its proposals were too expensive to be implemented.

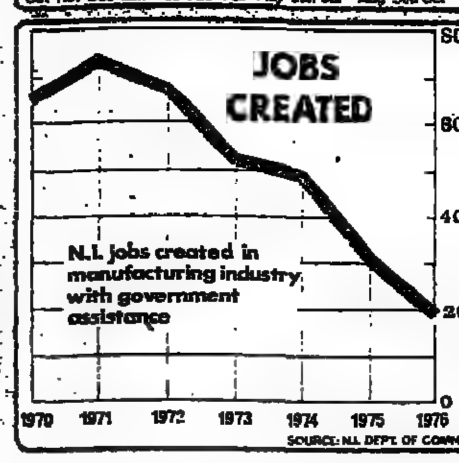
Some of its suggestions are straightforward and may well be adopted fairly early next year. A £14m.-a-year subsidy that would compensate industry for Ulster's 25-30 per cent. higher (than mainland) energy costs, and corporate tax reductions would allow the tax savings to be ploughed back into investment. Every little bit helps, of course, but the probability is that few other of the Quigley proposals will be applied. This leaves Mr. Mason with the problem of explaining to the Northern Ireland trade unions the gap between his repeated announcements that the economic situation is his top priority and the painful truth that unemployment visibly continues to rise.

Northern Irish employers have their own demands, and will urge them strongly on Mr. Mason this winter. They are concerned over the Government's policy of "jobs for jobs sake" and believe that rather than expand Ulster's non-productive public workforce, which is currently the technique used to damp down the unemployment crisis, steps should be taken to create new jobs in manufacturing industry.

The pressures on Mr. Mason in Whitehall are also increasing. Quigley apart—and the extra funds needed to implement even its more cautious proposals cannot now be provided until 1978/79—he has two very urgent problems on his hands. The future of Harland and Wolff shipyard must be decided by the early spring, and at the same time he is facing determined Treasury opposition to his decision to subsidise the Ulster meat industry and so save up to 6,000 jobs. Because of the Irish Republic's green pound devaluation last month he announced a £½m. a week temporary subsidy for one month, which has been extended for a further three months — "only by dint of great persuasion by Mr. Mason on the Treasury," according to one of his advisers. This was one of the least of the many traps on Mr. Mason's path.







Letters to the Editor

...tion ...unting

...Chief Accountant, ...emical Industries.

...is very tempting to ... approach advocated ... Stenham in his letter ...er 17. After the long ...e is a need to move ...an acceptable account- ...d and a consensus has ...y developed on the ... Sandilands adjust- ... depreciation and ...d on specific indices. ...ere is a danger, how- ...if a standard emerges ... on these two adjust- ...will then never take ... step of moving from ...enerally agreed to be ... system of inflation ... to a comprehensive ...he time, effort and ... devoted to the long ...e been enormous and ... be a very real chance ...whole matter will go ...oil" once a standard ...issued.

...re many who believe ...able methods of deal- ... monetary items have ...en suggested. Many ...ve that the "Sandi- ...justments alone can ...misleading inflation ...ading profits, particu- ... businesses such as ...retailers, and mislead- ... attributable to the ...articularly for busi- ...loying sources of non- ...nce. The latter short- ...ould be serious for ... competing for finance ...tional markets.

...ile it is tempting to ... the adjustments most ... already agreed upon, ...int to the danger that ...accounting standard is ... incentive for further ...d effort could vanish ...uld be left indefinitely ...artial, and, for some ... unsatisfactory, infla- ...nting system.

...ts.
...hemical House, S.W.1.

...x linking: new money

... J. Sheldon

...ney has taken many ...roughout history, and ... has in the end been ... normally by govern- ... has outlived its use- ... For instance, bank ... replaced gold when ...stant debasement in ... century led to its ... (You could not melt ... bank balance.) Govern- ...rolled money supplies ...bank balances when the ...e abused or proved in- ... because of a shortage ...acking. Now it is time ...linked money to replace ...nt-controlled money ... because everyone has ... in the latter.

...linked money" can be ... as money truly ...y a country's assets, ...t represents a right to ...stant quantity of basic ...d services produced by ...ntry. It is perhaps a ...vanced form of money ...ey linked to any specific ... gold whose value in ...o other goods and ser- ...y dramatically change ... comparative rate of ...n.

...always maintained that ...king, far from being ...step in an economy's ...ogress, is a dramatic ... of money which will ...ipline on governments ...le, just as the introduction of other forms of good money has done in the past. Obviously, it would be more convenient if the index never moved, and it is exactly because moving it will no longer benefit those who control the money that any movement will probably prove to be minimal.

The whole outlook by individuals and companies on saving and investment would dramatically change if three items were index-linked: (i) gilt-edged securities; (ii) corporate taxes; (iii) gains taxes. The progressive element in individual income-taxes could also be linked, but it is already recognised that the annual setting of thresholds bears a relationship to the indices.

All union and pension funds would suddenly be totally worthwhile, and unions and companies could cease to worry about the need for "topping up" from current subscriptions or profits. The present generation of workers would no longer need to rely on the generosity of future generations or future Governments to bail them out in their old age.

Direct investment in the production capacity of the economy, whether through equity shares or some new means, would prove really attractive again, since although riskier than gilts, the chances of real gains would be greater. Gilts might give a true yield of 2 per cent., equities a true yield—on average—of between 4 and 5 per cent., reflecting the greater risk.

Nor do I believe the introduction of this new money is anything but inevitable. So much of the preparation for it is already under way: for example, inflation accounting will lead to taxation of real earnings; index-linking on a few Government saving schemes will give way to index-linked gilts; index-linked civil service pensions will lead to "parity" on all other pensions, starting with the state scheme, and spreading to all private schemes which will be able to offer it as soon as the right index-linked investments are available.

Let us all welcome this new sound money, and do all in our power to hasten its full introduction.

J. B. R. Sheldon.
20, Stafford Place, S.W.1.

The biggest barter

From Mr. A. Llewellyn.

Sir,—It seems pretty certain now that, by 1980, our North Sea oil interests will be producing 100m. tons of crude annually and quite definite that Saudi Arabia and a few other oil producing nations desire to restrict the annual value of their output of crude to what they can usefully spend.

Seemingly therefore, a logical basis exists for the massive barter of say 100m. tons annually of 1977-80 Saudi crude for 100m. tons annually of 1981-84 North Sea crude, less a factor for sulphur differential.

As, at present prices, 100m. tons seems to be worth between $7bn. and $8bn. the factor of money supply within world inflation would become less serious and the advantages to our own economic trauma too obvious to mention. Of course, the oil majors would hate it but, as the U.S. is now importing about 40 per cent. of its consumption, their writ becomes ever more suspect.

Luckily, some members of the Organisation of Petroleum Exporting Countries, particularly the Saudis, as probably the world's greatest protagonists of capitalism, now know all about the decreasing value of money and may immediately see the longer term value to them of the sort of barter which I suggest.

Algernon Llewellyn.
Flat 65,
22, Park Crescent, W.1.

Controlling the finance

From Mrs. J. Haigh.

Sir,—Has anyone considered the relationship between the number of financial controllers and the lack of finance, in the companies in which they proliferate?

I have noticed in one firm in which I am, unfortunately, a shareholder, dire results, losses in subsidiary firms, dismissal of experienced research and production managers, a soaring overdraft, and drastically reduced dividends and share price, but, surprise, surprise, more financial controllers!

One wonders wryly, is the Board intent on proving its inability to control expenditure, or are the new financial controllers required to count even greater losses?

One might, perhaps, paraphrase Boyle's Law—the number of financial controllers varies inversely as the finance.

J. M. Haigh.
Ashcombe Park,
Cheddleton,
Leek, Staffs.

Tax on the dole

From Mr. N. Allan.

Sir,—Consider the logic of the present position in which the Government finds itself in the debate on short-term benefits and tax thresholds. On the one hand, the Supplementary Benefits Commission considers the new rates to be the minimum needed for subsistence. On the other, the internal Government deficit is so high that the country could not afford to raise personal allowances to remove earnings of the same amount from the tax net. It is now no longer possible to deny that for some people it is no longer to their benefit to work.

These two positions are irreconcilable in logic. To save the position of the low paid, either the country cannot afford the benefit rates or the tax threshold is too low. If it is necessary to raise the same amount of revenue through income-tax then some other rates and allowances must be made more severe. Leaving aside the question of dishonest evasion, to tax benefits is to sink deeper into the morass of administration handing out funds with one hand and taking back with the other.

The present position is an insult to any society which wishes to preserve the will to work.

Neil R. Allan.
1, Old Abbey Road,
North Berwick,
East Lothian.

Getting rid of anomalies

From Mr. R. Harris.

Sir,—If it is administratively impractical to tax unemployment benefit, there is another way of getting rid of the worst anomalies of the present system, which can make it unprofitable for a man with two children to take a job at £70 a week.

These anomalies can only arise where a man is receiving PAYE refunds as well as unemployment benefit, and would therefore disappear if PAYE refunds were abolished. This would happen automatically if the Conservative tax credit scheme were introduced. This is obviously impossible at the moment, but the PAYE refunds would also be automatically abolished if PAYE assessments were made on a weekly instead of on an annual basis.

As the change would mean less work for the Inland Revenue it should not be impossible to introduce it in next year's Budget, when the saving in refunds would make possible a larger increase in personal tax allowances than could otherwise be made.

Richard Harris.
Flat 8,
119, Haverstock Hill, N.W.3.

Pension scheme nominees

From Sir Donald Sargent, Chairman, Society of Pension Consultants.

Sir,—In your issue of November 18, Mr. Eric Short reported Mr. Stanley Orme as having said at an Industrial Society conference that suggestions by the pensions industry that nominees should have to be members of a pension scheme were unnecessarily restrictive and could prevent the nomination of a highly respected union official who was a pensions expert. There seems to be a misunderstanding here.

The Society of Pension Consultants in the memorandum which it submitted to Mr. Orme drew the conclusion that the best way of achieving the Government's stated objective of member participation in the running of pension schemes is by having the employee representatives chosen by a ballot of all the members of the scheme. This in no way precludes the inclusion of "highly respected trade union officials who are pension experts" if that is the wish of the members of the scheme. The White Paper's stated objective is "participation by employees in the running of occupational schemes": surely the Society's proposal is the right way to achieve this.

Donald Sargent.
Buckingham House,
6/E, Buckingham Street, W.C.2.

Furore about imports

From Mr. J. Wright.

Sir,—One certainly wonders whether the present and continuous furore about foreign imports in general and Japanese imports in particular has been clearly considered, or just another case of don't give me the facts—I've made my mind up. "Japan should import more" or "Japan should eliminate its non-tariff barriers" or "Japan should not have 10 per cent. of the British car market with its subsidised vehicles." These are the cries for help which we have been squealing.

My questions are simple. Does Japan conspire to block our imports by spurious regulations or can we not make sufficient vehicles to attack their market? Does Japan dump its vehicles at subsidised prices to capture the bread and butter British market, or has the investment by Japan in modern machinery and skilled operators enable it through economics of scale to prune its costs? (Each Japanese worker produces well over 30 vehicles per annum against the U.K.'s seven). Are not Common Market manufacturers more guilty of underhand practices, by certain fantastically generous concessions to their U.K. retailers?

Is Japan or the EEC to blame for the U.K. manufacturers not having a three-door family car at less than three months waiting list? (British Leyland introduces its in how many years?) Is it Japan's fault that Ford is now the second largest importer into the U.K., with some models of the Capri, Escort and Granada.

The case rests, awaiting reply.

J. Wright.
Triad of Goole.
Estcourt Terrace Goole.

Japanese economy

From The Chairman, GT Japan Investment Trust.

Sir,—It is one of the failings of current thinking that in this country we keep looking for companions in misery rather than looking for real solutions to our problems. In this regard Mr. Kinsley's letter (November 17) contains a fair measure of misinterpretation of the reasons underlying the outstanding performance of the Tokyo Stock Exchange in recent years. The success of the Japanese economy is based, inter alia, on: (1) a high rate of capital formation and investment; (2) a low level of Government participation in the economy. (Government expenditure is approximately 20 per cent. of GNP vs. nearly 40 per cent. in the U.S., and 52 per cent. or 60 per cent. in the U.K., according to which statistics you use); (3) extraordinarily successful labour/management relations; and (4) an exceptionally high educational standard. The momentum which these factors have provided to the Japanese economy is remarkable, and although there is no guarantee that the rate of advance will continue to be at the high level of the 1960s, there is equally no reason to suppose that it will diminish to that of the European or North American economies.

With regard to the valuation of Japanese stocks, it is important to adjust comparisons for the different accounting methods used. Large pre-tax write-offs are allowed, and the cash flow of companies therefore provides a better measure of comparison; in this respect the multiple of cash flow of Japanese companies and that currently obtaining on U.S. companies show a remarkable similarity. Furthermore, exports comprise only some 15 per cent. of Japanese GNP as against 25 per cent. or more in some European countries, and of that 15 per cent. less than one-fifth is exported to Europe. It may be that "the first country to limit or ban imports from Japan could cause a collapse in Tokyo Stock Market prices," but it seems unlikely that such a fall would be either of great depth or of great duration. An examination of the course of the Japanese Stock Market prices in the aftermath of the oil crisis of 1973 in comparison with those of other ostensibly less vulnerable markets will support my contention.

W. T. J. Griffin.
1st Floor, Park House,
16, Finsbury Circus, E.C.2.

To-day's Events

GENERAL

EEC Finance Ministers meet, Brussels.

EEC Agriculture Ministers begin two-day meeting, Brussels.

Sr. Carlos Andrés Pérez, President of Venezuela, on official visit.

European Programme Group begins two-day meeting in effort to establish general guidelines for arms co-operation, Rome.

Duke of Edinburgh attends Air League lunch, Mansion House.

Cambridge by-election nominations close.

Newspaper Society technical conference and exhibition opens, Metropole Centre, Brighton.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Lords amendments. Possible debate on regional policy.

House of Lords: Consideration of Commons messages on Aircraft and Shipbuilding Industries Bill, Health Services Bill and Education Bill.

OFFICIAL STATISTICS

Construction new orders (September).

COMPANY RESULTS

Commercial Union Assurance (third quarter).

COMPANY MEETINGS

See Week's Financial Diary on Page 9.

MUSIC

Mr. Edward Heath MP conducts London Symphony Orchestra in programme of Wagner (Siegfried Idyll), Schubert (Symphony No. 5 in B flat) and Mozart (Piano Concerto No. 24 in C minor, soloist Clifford Curzon; and Exsultate, Jubilate, sung by Annaliese Rothenberger, soprano), Grosvenor House, W1, 7.30 p.m.

COMPANY NEWS

Kwik Save forecasts record year

ANOTHER RECORD year is forecast by Mr. I. F. D. Hill, chairman of Kwik Save Discount Group, in his annual statement for the year ended August 28, 1976. Although the rate of inflation in food prices has been reduced from the very high levels of 18 months ago, Mr. Hill says, it is nevertheless expected to continue at a relatively high rate for some time. He is confident that the group's market share will increase.

Turnover expanded by 40 per cent. to £91.94m. in the year under review, and this growth included a substantial increase in volume sales. Margins increased in the second half, says Mr. Hill.

As reported, profit before tax expanded from £3.85m. to £5.25m., and dividends totalled 3.948p net per 10p share.

During the year, 25 new stores were opened and three closed, making a total of 93 stores at the year end. Projected expansion in the current year is mainly in the Midlands and South West, Mr. Hill says, although further outlets will be opened in North Wales and the North West. About 50 stores are expected to be opened.

Outstanding commitments at the year end in respect of contracted capital expenditure amounted to approximately £0.44m. (£1.45m.). Capital expenditure authorised but not contracted for amounted to approximately £450,000 (£945,500).

Net inflow of funds during the year fell from £1.86m. to £0.26m.

Meeting, Prestatyn, December 16, at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims.—Allied Leather Industries, Amalgamated Industrial, Invergordon Distillers, Rowlinson Construction.

Finals:—Cambrian and General Securities, J. R. Fenner.

FUTURE DATES

Interims:—	
Anderson Strathclyde	Nov. 26
Cook (William) (Sheffield)	Dec. 9
Cropper (James)	Nov. 26
London and Midland Industrials	Nov. 25
Philips Lamps	Dec. 16
Property and Reversionary Invest.	Nov. 29
Rothmans International	Nov. 30
Scottish and Universal Invests.	Nov. 30
Spirk	Nov. 26
Sunirle Clothes	Nov. 23
Tunnel Holdings	Nov. 24
Finals:—	
Baggeridge Brick	Dec. 14
Berisford (S. and W.)	Dec. 17
Duple International	Dec. 9
Plaxtons (Scarborough)	Nov. 26
Speedwell Gear Case	Nov. 25
Thanet Investment Trust	Nov. 24
Wade Potteries	Nov. 24

Slump at David Dixon

AFTER A STEADY £121,000 against £117,000 at half-time, pre-tax profits of woollen cloth and hosiery manufacturers, David Dixon and Son Holdings, slumped from £197,463 to £82,454 for the year ended March 27, 1976.

Earnings are stated at 0.9p per 25p share, compared with 3.9p. *An unchanged final dividend of* 1.4972p net makes a same-again total of 2.3722p.

	1975-76 £	1974-75 £
Turnover	6,370,232	6,476,346
Profit before tax	82,454	197,463
Taxation	36,365	103,291
Net profit	56,089	94,172
Attributable	20,862	92,165

The following are not taken into account in the above figures: *professional fees in connection* with Bank Bridge settlement £15,000 (nil); closure costs in connection with Martins (Syston) £13,444 (£117,801), excess of insurance proceeds over book value of property and plant destroyed or damaged in fire nil (£107,551).

At the annual meeting on December 10, with the benefit of four months' trading completed, they will endeavour to be more helpful.

Litigation arising out of the former activities of Dorchester Finance Company continues. The case has been set down for trial commencing on June 14, 1977.

The Board has authorised an ex gratia payment to Mr. M. K. Osmond of £8,500 following his resignation from the Board, which was announced in October.

In the year ended July 31, 1976, the group incurred a net deficit of £239,353 compared with a profit of £69,095 (reported November 19).

Barrow Milling expansion

TURNOVER of flour-millers, bottlers and soft drink manufacturers, The Barrow Milling Company, expanded to £15.47m. for the 15 months to August 31, 1976, compared with £3.48m. for the previous year, and pre-tax profit advanced from £233,971 to £1,305,635.

A final dividend of 8.8p per 20p share makes a total of 11.8p *gross for the period against* 8p for the year. Earnings per share were 14.06p (9.17p).

The figures include 12 months Bolands and 15 months of Barrow *and Corcorans.*

Talbex Group confident

The directors of the Talbex Group say that while they have every confidence in the underlying strength of the company's divisions, it would be foolhardy to forecast results for the current year.

S. Simpson optimistic

There are many encouraging *signs in total* activities of tailors and clothiers S. Simpson, including exports and licensing projects, which justify cautious optimism, says the chairman, Dr. S. L. Simpson.

Present orders for home and export trade will fill production capacity for some time ahead, he adds.

As reported on Oct. 22 group pre-tax profit decreased from £649,558 to £435,886 in the year to July 31, 1976, on a turnover up from £12.69m. to £13.09m.

A geographical analysis of turnover *(in percentages)* shows U.K. 74.5; The Americas 13.2; Europe and other areas 12.3. The value of goods exported from the U.K. amounted to £3.18m.

The Invertere Coat Co. had a difficult first half year but more than compensated for this in a very active second half year, particularly in sales to North America, and trading continues to be buoyant.

Royalties from the sale of DAKS Clothing made under licence in U.S. increased with a progressive growth of *this project.* This has involved participation and exchange of ideas with Simpson's merchandising and marketing team and the development of its New York Company, DAKS-Simpson Inc., which will also be active in other exploratory fields.

Kunick back to profit

REFLECTING the continuation of *the policy* of diversification and expansion, turnover of fashion-wear group, Kunick Holdings, increased from £277,380 to £515,747 in the year to May 31, 1976, and *there was a turnround* from a loss of £35,738 to a profit of £15,971. Earnings per 10p share were 1.63p (loss 3.08p).

And the directors are hopeful that further progress will be shown for the current year, says the chairman, Mr. H. Stamp.

Business contracts have been made in several countries overseas. Goods to the value of £443,473 were exported during the past year. Export sales considerably increased, but the downward trend in home demand continued.

Since the end of the financial *year the remaining portfolio of* the property company was disposed of at a small loss. Consequently that company is now dormant and it is not intended to pursue this *aspect of the business* any further.

Meeting, 10, Belgrave Square, S.W., December 10 at 10.30 a.m.

FT Share Service

The following security has been added to the Share Information Service:—

Borthwick (Thos.) and Sons *(Section: Overseas Traders).*

Samuel Properties dividend hopes

PROVIDED progress is maintained by Samuel Properties the directors expect to resume normal dividend payments next year, says the chairman, Viscount Bearsted.

The policy of consolidation and the establishment of sound foundations for future progress will continue. Elimination of short term borrowings *should* be achieved soon and the chairman emphasises the company's favourable position in this respect. Working capital in the year to June 30, 1976 *increased by* £2.29m. (£2.68m.).

Further selective purchases or sales of properties will be made in the general course of reorganisation and improvement *of the* portfolio.

A number of development schemes and the acquisition of existing investment properties are being considered but commitments will not be entered into unless pre-funded and substantially pre-let. Commitments in respect of subsidiaries' contracts appear at £4.50m. (£6.24m.) plus £4.22m. (£0.93m.) approved in addition to contracts.

Property developments in the Midlands being carried out with the partner, Bryant *Holdings,* further progressed and funds totalling £14.8m. have been drawn down to October 1976 by the associated companies in respect of the *funding arrangements with the* Standard Life Assurance Company.

The directors have retained the basis of valuation used last year. Mr. R. A. D. Dymond, who is both a director of the company and a chartered surveyor, has carried out a valuation of properties that were completed during the year and of certain properties where there have been material changes during the year such as rent reviews and sale and leaseback arrangements. The surplus of £632,364 that has arisen has been *incorporated in the accounts.* Mr. Dymond has also reviewed as at June 30, 1976, those properties valued by him last year and not included in the above category *and in his opinion there has been* no significant change in value.

Edward Erdman and Company has reviewed as at June 30, 1976, its 1974 valuation of the remaining properties and has informed the directors that, in its opinion, there has been no significant change in value.

Provided there is a stable and *rational property market next* year, it is intended to commission an independent revaluation of all the investment properties in the U.K. In the opinion of the directors the open market value of properties acquired for, or in the course of, development is in excess of book value.

The Euro-currency loan of DM101.53m. in respect of two Frankfurt investment properties is matched by the German assets which are held at cost. Foreign borrowings therefore are matched by assets in that country and the position is not unfavourable for the Company, says Lord Bearsted.

Turning to U.K. developments, the chairman points out that since his last statement a further £5.1m. has been drawn down to date from Standard Life in respect of expenditure at Fareham and Stirling. Total costs to October 1976 amounted to £6.4m. at Fareham and £6.3m. at Stirling.

As reported on November 19 pre-tax profit for the past year *was £247,043 (loss £1,044,645).*

Meeting 100, Wood Street, E.C., December 15, at 3 p.m.

Portsmouth Sunderland tops £0.64m

RISES IN advertising and cover prices were responsible for a large increase in turnover at Portsmouth and Sunderland Newspapers, and pre-tax profit jumped from £441,000 to £644,000 in the six months to October 2, 1976.

Sales went up to £4.98m. (£4m.) but, say the directors, as it is impossible to increase prices by a comparable amount now, and as costs are outpacing the increase in revenue, the results for the second half of the year are unlikely to exceed the first six months.

Earnings per 25p share improved to 3.8p (2.56p). Last year's total dividend was 2.551714p net on profit of £1.22m.

The Echo, Sunderland, has been produced at the company's new building by computerised photocomposition and web-offset with full colour facilities, for 23 of the 26 weeks to October 2. As was to be expected, the directors comment, considerable difficulties in production have been and, to some extent, are still being encountered.

OXFORD GIVES UP FENLOW

The Oxford Instruments Group is relinquishing its controlling shareholding in Fenlow Electronics, Weybridge, with effect from November 1, 1976.

All Oxford related products, that is the Fenscan Data Scanning System, will be transferred to *other companies within the Oxford* Group.

Fenlow is to continue in operation under the ownership of new shareholders.

Next moves at Sime Darby

BY MARGARET REID

MOVES ARE expected quickly in the contest for control of Sime Darby Holdings, where Pernas, the Malaysian State-owned company, is acting to replace four directors with three of its own nominees.

At stake is whether management of this British-registered group will effectively pass to Malaysia, where many of its interests are, and its future be increasingly concentrated in South-East Asia.

The existing Board, headed by Mr. Jim Bywater, is likely to-morrow to dispatch its promised circular announcing arrangements for a poll vote, probably at the end of the first week in December, on the directors.

Sime Darby's present Board, now faced with a hard struggle if it is to stave off the switch of control to Malaysia, plans to explain its viewpoint to the Governments of Britain, Singapore and Hong Kong: it has businesses in all three countries.

Although some 36 per cent. of the group's shares are held in Malaysia, 48 per cent. are owned in Singapore, whose attitude could be crucial.

The circular will spell out the Board's present policies including those for expansion internationally which have precipitated the clash with Pernas. The Board is *expected to argue that minority* shareholders should not be allowed to have effective control.

Although around 90 per cent. of Sime Darby's shares are held in the East, British banks are playing a ke[y role in] the tussle. Kleinwort[...] advising the Board a[nd] Rothschild and Sons [...] Pernas.

Uncertai[n] picture at RCF

Activity in the bui[lding and] construction industry [...] depressingly low leve[l...] home and overseas. th[...] borrowing is at the hi[...] experienced, and uncer[tainty pre]vails on every side. [...] Godfrey, chairman of [...] manufacturers RCF [...] tells members in h[is] statement. Holders [...] trust that the depth [of the] current recession have [been] reached," he says.

Exports during [...] totalled £3.17m. (£3.8[...]) were distributed as fo[llows (per]centages): Australasia [...] 27, *Middle East* 14, Eur[ope ...] America eight.

James Neill Holdings [...] per cent. of the sha[res at the] year end.

Bank overdraft [...] £146,606 against an [...] £120,183.

Meeting, Birmingha[m ...] [Decem]ber 10 at noon.

ISSUE NEWS

Airsprung joins OTC

Airsprung Group, which manufactures beds and related products, is to have its shares dealt on the over-the-counter market run by M. J. H. Nightingale starting to-day.

This follows the placing with financial institutions of 500,000 10p shares and £250,000 of 18½ per cent. Convertible Unsecured Loan Stock 1978-81. This placing was arranged in units of £100 nominal of convertible at par and 200 shares at 27p each, giving a unit price of £154.

Airsprung employs about 600 workers, and claims to be the sixth largest manufacturer of beds and the largest manufacturer of bunk beds in the U.K. The company is now embarking on an expansion plan, based on the recent purchase of a 7½-acre *site adjoining the main factory.*

During 1971 to 1975 sales have increased steadily from £2.25m. to £3.69m. while profits have risen from £193,000 to £553,000 though there was a setback in 1974.

The Board forecas[ts] *1976 sales should not b[e less than]* £7.8m. and pre-tax pro[fit not less] than £580,000. On thi[s basis they] expect to recommend [a dividend] for the year of 2.75p [...] *the prospective yield* [...] cent. and the p/e is [...] year's earnings.

LINFORD GI[...]

The share capital of Linford has been in[creased to] £250,000 by a scrip [issue ...] more accurately refle[ct ...] of the group.

At the same time, [its] subsidiary, Linford (M[...]) increased its capital [...]

With a turnover i[n excess of] £10m., the Linford [...] builders, based in [...] actively expanding its [...] Europe and the Middl[e East].

RESULTS AND ACCOUNTS IN BRIEF

A. CAIRD AND SONS (clothing and sports goods)—Sales £916,000 (£997,300) for six months to July 31, 1976. Profit £3,300 (£7,000) after tax £2,950 (£7,800).

ASSAM CONSOLIDATED TEA ESTATES—Group profit £26,963 after tax £18,963 and extraordinary credit £8,146 for year to April 30, 1976. Earnings per 25p share 0.61p. Dividend 1p (nil).

AUSTRALIAN AND INTERNATIONAL TRUST—Total net assets at October 31, 1976, were £5,713,062 after providing £11,827 tax on realised capital gains in the three months from July 31, 1976; the net asset value per 30p Ordinary share was 133.1p (July 31, 1976, 132.8p).

BEN BAILEY CONSTRUCTION—Results year ended June 30, 1976. Fixed assets £285,194 (£286,128), current assets £2.79m. (£2.09m.). Current liabilities £852,336 (£866,251). Net liquid funds down £229,000 (up £58,000). Chairman says after adjustment for inflation sales have remained constant but with ever increasing costs it has been difficult to maintain margins of profitability. Mindful of need *to adapt and diversify management team* restructured and efficiency has increased. Meeting, Doncaster, December 8, at 12 noon.

CEDAR INVESTMENT TRUST—Results for year ended September 30, 1976, reported on November 3. Investments valued £22.89m. (£22.24m.). Capital reserve £11.28m. (£10.4m.). Current assets £1.69m. (£2.39m.). Current liabilities £0.58m. (£0.77m.). Meeting, Winchester House, E.C., December 14, at 2.15 p.m.

CITY OF ABERDEEN LAND ASSOCIATION—Results year to June 30, 1976 and details of rights issue reported November 19. Group fixed assets £940,722 (£875,848). Net current assets £134,347 (£127,323). Directors are of opinion that value of properties is in excess of book value. Meeting, Aberdeen, December 15, at 12.35 p.m.

J. AND J. MAKIN PAPER MILLS—Results to year end March 31, 1976, reported October 13. Fixed assets £896,258 (£740,350). Current assets £4.12m. (£3.58m.). Current liabilities £5.54m. (£5.34m.). Chairman says although current year's first half figures will be poor and pound has been in further decline since early September, there are signs of improvement in some directions in the early weeks of second half. Meeting, Rochdale, December 13 at 2.30 p.m.

LONGBOURNE HOLDINGS—Results year ended December 31, 1975 (reported November 3). Fixed assets £2.61m. (£2.67m.), current assets £2.6m. (£2.38m.). Current liabilities £1.58m. (£1.38m.). Jokai Tea Holdings has 29.66 per cent. Chairman says there has been some alleviation in position regarding remittance of funds to U.K. Dialogue taking place with Bangladesh authorities on outstanding *balances and future remittance of* expenses. Auditors state it is not practicable at present to place meaningful valuation on subsidiary company properties in Bangladesh. Meeting, Dunster House, 37, Mincing Lane, E.C., on December 10, at 3 p.m.

MAJEDIE INVESTMENTS—Results year to September 30, 1976 and asset value already known. Profit on sale investments reduced to £104,806 (£557,960) because operations were on much reduced scale. But at November 4 company still had a favourable margin between book value and market value of investments, emphasising success of strong commodity element in portfolio. Meeting, Plantation House, E.C., December 13, noon.

NEW GUINEA GOLDFIELDS—Pre-tax loss, year to June 30, 1976, $A346,096 (profit $552,586) after depreciation, etc., $309,936 ($309,374). Tax charge $95,467 ($186,500). Debit payroll misappropriation $30,168 (nil). Debit minorities $17,973 ($7,438). Attributable loss $490,639 (profit $358,328). No dividend (4 cents). Results affected by low gold price and lower grade ore and winding down of timber operations. *Dividend* of 4 cents for previous year has not yet been paid. *Payment* was postponed due to current capital commitments and acquisition of Port Moresby tyre and retreading business.

NORTHERN SECURITIES TRUST—Interim 0.75p net (same). Gross income six months to October 5, 1976, £95,735 (£104,276). Pre-tax profit £13,230 (£104,459).

after interest and expenses £82,490 (£83,812). Tax £2,349 (£43,938). Earnings per 25p share 0.39p (1.33p). Net asset value per share 114p (108p).

OCEANA DEVELOPMENT INVESTMENT TRUST—Revenue half year to September 30, 1976, £5,487 (£6,448). Net profit £1,930 (£*815), after all charges including tax £796 (£894). Earnings per 25p share 0.37p (0.58p). Net assets per share 32.4p (34.3p).

PALMERSTON INVESTMENT TRUST—Results year to March 31, 1976, already known. Fixed assets £2.06m. (£2.12m.), quoted investments at book written down value £1.158 (same); current assets £33,980 (£42,698); current liabilities £353,731 (£332,754). Meeting, Winchester House, E.C., December 10, at noon.

ROBERT RILEY (HLDGS.)—Manufacturers of awnings and pressework. Profit £35,208 (£32,462) for 24 weeks to October 9, 1976, before tax £23,794 (£27,250). Interim dividend 0.175p net per 5p share (same) and 0.32875p total.

RTD GROUP (electrical, motor, ventilation accessories and components)—Sales for half year ended August 31, 1976, £3,288,942 (£2,591,547). Tax £66,127 (£32,000). Net profit £55,287 (£58,029). Interim dividend 5 per cent. (14 per cent.). Absorbed £14,487 (£40,587). Sales for 1975 half year included £785,507 in respect of companies now sold. Comparative sales for the period would be £1,806,040. Company is advised in respect of affect of an asset realisation loss on the Profit and Loss Account distributability the restriction on dividends paid [out of] profits. Conservative divid[end policy has] been applied, however, an[d this] dividend is the first avail[able after] write-down to absorb aff[...] continuing efforts to incr[ease] domestic U.K. market whil[e] developing export sales. [...] two months of second ha[lf ...] continuing improvement [...] present economic condition[s ...] [fore]cast good second half.

SEKONG RUBBER COM[PANY]—[Results] year to March 31, [...] November 12. Fixed assets [...] investments at cost £339[...] including quoted £323,6[...] market value at year [end] (£457,520) and unquoted [...] current assets £116,517 (£[...]) liabilities £51,004 (£55,70[...]). Plantation House, Mincing [Lane], E.C., December 13, at 2.[...]

VIEW FORTH INVEST[MENT TRUST]—Interim 1.5p (0.47p). [...] £97,558 (£82,418) for [half year to] September 30, 1976. Dedu[ct] expenses £30,604 (£[...]) (£22,835). Available for [...] £26,274 (£23,659). Earnin[gs] 1.30p (1.10p). Breakup value [per] share 50.5p (48.8p). The [...] £220,000, £150,000 repayable [...] 1976 and September 24, 1[...] been continued for a fu[rther ...] 8¾ per cent. and 8 per cent.

هكذا من الأصل

Next move
Sime Darby

…ending dividends …netable

…he convenience of readers the dates when some of the …ortant company dividend statements may be expected in … few weeks are given in the following table. The dates … those of last year's announcements, except where the …ng Board meetings (indicated thus*) have been officially … It should be emphasised that the dividends to be … will not necessarily be at the amounts or rates per cent. …the column headed "Announcement last year." Preliminary …ures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
…	Nov. 27	Int. 5.5% §	Initial Services	Dec. 19	Int. 6.1%
…ters	Nov. 25	Final 59.5%	Johannesburg Cons. Group	Dec.	Dividends
…our	Nov. 23	Int. 7.4%	*Johnson Matthey	Nov. 24	Int. 7.7%
…Bk.	Nov. 24	Int. 3½%	K Shoes	Dec. 9	Final 7.9%
…r.	Dec.	Dividends	*Lindustries	Dec. 15	Sec. int. 12.…%
…aal	Dec.	Dividends	*Lloyds and Scottish	Dec. 9	Final 15.1%
…nks	Dec. 3	Int. 12%	LRC International	Dec. 16	Int. 18.1%
…ries	Dec. 12	Int. 4.9% §	Lyons (J.)	Dec. 3	Int. 3.1%
…ing	Dec. 16	Final 10.4%	*Meyer (Mont. L.)	Dec. 14	Int. 5.3%
…ers	Nov. 23	Int. 9.1%	Mitchell Cotts	Dec. 4	Final 14%
…ston	Dec. 11	Int. 11.4%	*National and Commercial	Dec. 2	Final 6.7%
…	Nov. 29	Final 7.7%	*Natal Watermeyer Bank	Mar. 1	Final 6.6%
…ins	Dec. 13	Int. 4.6%	Northern Foods	Dec. 11	Final 9.4%
…and	Nov. 23	Int. 8%	*Pegler-Hattersley	Dec. 12	Int. 15.7
…oup	Dec.	Dividends	*Philips Lamps	Dec. 10	Int. Fls.0.40
…ton	Dec. 2	Final 15.9%	Pilkington Bros.	Dec. 4	Int. 6.7%
…	Dec. 11	Int. 4.6%	*Powell Duffryn	Nov. 23	Int. 7.7%
…W.)	Dec. 17	Final 21%	*Proprietors of Hays Wharf	Nov. 25	Final 4.8%
…mal	Dec. 17	Final 9.3%	*Racal Electronics	Dec. 2	Int. 2.5%
…lth	Nov. 18	Int. 10.6%	Ranks Hovis	Dec. 7	Final 8.5%
…	Nov. 25	Final 10.4%	Ransome Hoffmann	Dec. 9	Final 11.9%
…ap	Dec. 16	Final 8.8%	*Renold	Nov. 25	Int. 3.6%
…	Dec. 16	Int. 9%	*Rexmore	Nov. 23	Int. 6.8%
…oup	Dec. 16	Int. 15.4%	*Rothmans International	Nov. 30	Int. 7.4%
…ical	Dec. 2	Int. 4.8%	*Scottish and Univsl. Invs.	Nov. 30	Int. 12.4%
…	Dec. 17	Final 12.0%	*Serck	Dec. 14	Final 5.5%
…ist	Nov. 30	Int. 11%	*600 Group	Nov. 25	Int. 9.2%
…	Nov. 26	Int. 6.3%	*Sketchley	Nov. 23	Int. 6.3%
…	Dec. 18	Int. 6.2%	Stand. Chrtrd. Bank	Dec. 2	Int. 10.4%
…	Dec. 1	Int. 11%	Swan Hunter	Dec. 2	Int. 4.6%
…	Nov. 29	Int. 6.9%	*Tesco	Nov. 24	Int. 17.7%
…	Jan. 27	Int. 8%	Trafalgar House	Dec. 17	Final 16.1%
…oup	Dec.	Dividends	*Tunnel	Nov. 24	Int. 8.3%
…oup	Dec.	Dividends	Unigate	Dec. 19	Int. 6%
…	Nov. 29	Final 6.6%	Union Corpn. Group	Dec.	Dividends
…res	Dec. 4	Int. 16.1%	*Whessoe	Dec. 2	Final 10
…	Dec. 11	Final 27%	*Woodhead (Jonas)	Dec. 10	Int. 10.9%
…	Nov. 23	Int. 13.8%			
…	Nov. 8	Int. 2.3%			
…	Dec. 12	Int. 4.8%			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

ISSUE NEWS

Airsprung

…lic Works Loan Board rates

…quota loans B are 1 per cent. higher in each case than non-…s A. † Equal instalments of principal. ‡ Equal repayments.

Effective from November 13, 1976.

	Quota loans repaid by EIP†	by ER‡	at maturity	Non-quota loans A* repaid by EIP†	by ER‡	at maturity
…	14⅞	15	15⅜	15⅜	15⅜	15⅞
… to 10	15¼	15⅜	15⅞	15⅝	15⅞	16⅜
… to 15	15⅝	15⅞	16	16⅛	16⅜	16½
… to 25	16	16¼	16¼	16½	16⅝	16⅞
…	16¼	16⅜	16⅜	16⅝	16⅞	16⅞

…don tea sales

…sales held in London last … packages sold realised an … of 107.13p per kilo com-… 106.32p at the previous sales … 69.40p a year ago. Plain tea … at 81p.

	No. of kilos	Average per kilo		No. of kilos	Average per kilo
…bland Prod.	38,331	118p	Jokai	64,688	122p
…	17,901	122p	Jorehaut	32,717	122p
…ra	33,808	102p	Kenya T. Co.	62,948	115½p
…der	44,991	121p	Kenya T. Dev.	30,328	130p
…	10,312	114½p	Luderi	19,445	101½p
…	12,664	72p	Majuli	8,688	119p
…	13,368	118½p	Moran	43,749	120p
…	6,879	117½p	Pabbojan	16,594	126p
…	9,745	98p	Rue Estates	23,716	79p
…	26,469	120p	Singlo	23,528	116½p
…am	35,587	119½p	Sri Lanka SP	173,842	95p
…	316,651	96p	Thanai	17,834	128½p
			Tingri	8,848	13…p
			Upper Assam	33,853	121½p

Stocks at November 12 amounted to 48,875 metric tons, compared with 50,878 metric tons a year ago. Converted at 48.866 kilos per package.

MAKE IT BRIEF

…kington wins …ulating work

…TON, St. Helens, …e, has received the first …zing contract for its new …ad Mk. IV insulating … the new offices of the … Manchester Passenger … Executive at Rochdale, …e.

★

…E COMPACTORS, New-…ssex, has been awarded … order by British Petro-… supply four garbage …systems for its Forties …

★

…N GROUP, Eastleigh, Hampshire, has won a steelwork and cladding contract worth about £140,000 for a sawmill and timber storage complex for Gregor Brothers on the Rose and Morriston Spelter industrial estate at Plasmarl, Swansea.

★

VOLVO PENTA U.K. has won a £25,000 order for four six-cylinder turbocharged industrial diesel engines at the Public Works Exhibition. They will be used for high-pressure pumps made by H. J. Godwin, Quenington, Gloucestershire.

FERGUSON HOLDINGS

…Anglia London plan

…rside businessmen will … make a day-return air … London if Air Anglia is …rmission to operate a …ice.

…orwich-based airline is … to use nine-seater …s on the route as well …r new service they are planning between Norwich and Paris.

The application for licences will be heard by the Civil Aviation Authority next week but the British Airport Authority are objecting to the flights into Heathrow while British Airways are opposing the Paris service, claiming this will hit their own services.

…CENT ISSUES

EQUITIES

Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or —	Div. Net Amount	Times covered	Gross Yield	P/E Ratio
—	£101⅛	850	AmricanMedInt.Inc.($)	910	+10	Q14c	—	1.5	—
—	£317⅞	£231⅛	Samark $US1	£271⅛	+⅛	Q$1.52	—	3.2	—
—	$07⅞	29⅛	Utd.TechnologiesUS$	£29⅛	+⅛	Q$1.20	—	2.5	—
7/1	197	183	Willis Faber 25p	185	……	b7.0	2.4	5.8	11.0

FIXED INTEREST STOCKS

Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or —
—	$100	$99	Kockums Mek 8% Guar. Notes 1983	$99½	+½
—	98½KD	98KD	Korea Development Bk 8¾% Guar. Bonds 1979	98½KD	+½
—	71	70	Newman Inds. 10% Cum. Pref.	71	……
—	$c99½	$c99	Nova Scotia (Prov. of) 9% Db. 1983	$c99	……
—	10⅝	10⅛	Ten…ing Hundred W'wts 9% Red. Pf. 1981	10¼	……
—	75	75	Willis Faber 7% Cum. Pref.	75	……

"RIGHTS" OFFERS

Latest Renunc. Dates		1976 High	1976 Low	Stock	Closing Price p	+ or —
—	3/12	355	230	Broken Hill Props.	230pm	……
—	—	1½	½	Cray Electronic	1½pm	—
22/10	11/12	32	26	Fairbairn Lawson	31	—1
1/11	17/11	130	115	General Accident	129	—1
29/10	10/12	130	101	Howden (Alexander)	127	—3
3/12	17/12	65	42	National Bank of Australasia	53pm	……
…	18/6		141 / 80	Western Mining	82	……

…ation date usually last day for dealing free of stamp duty. a Placing …blic. b Figures based on prospectus estimate. d Dividend rate paid or … part capital, cover based on dividend on full capital. p Pence …rwise indicated. u Forecast dividend: cover based on previous year's … M Figures based on prospectus or other official estimate for 1976 … figures assumed. ‡ Cover allows for conversion of shares not now ranking …ds or ranking only for restricted dividends. ** Issued by tender. …o holders of Ordinary shares as a "rights." ♥ 300 S.Afr. cents. ‡ Rights … capitalisation. †† Tender allotment price. ◆ Reintroduced. ¶ Issued in … with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to … ference holders. ‡ Allotment letters (or fully-paid). * Provisional or allotment letters. ≠ With warrants. ⊕ After suspension. KD Kuwait Dinar.

CARL ZEISS JENA

East Germany's No. 1

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

CARL ZEISS JENA is probably East Germany's most famous company (not to be confused with Carl Zeiss, the West German company). According to its general director, Wolfgang Biermann, it is also East Germany's biggest, with a workforce of 40,000 which, h epoints out, is a far cry from the day 130 years ago when Herr Carl Zeiss started his instruments company with 12 people.

Herr Biermann, a chubby 48-year-old Berliner, took over the management of Zeiss a year ago, and he was recently in London as part of a tour of his company's West European subsidiaries. Like any Western businessman of his standing, he occupied a plush suite at one of London's newest hotels, and offered a superior brand of whisky to his guests.

Back in the GDR he is also an important party man, having belonged to the Central Committee of the ruling Communist party for ten years.

Legal battle

The long legal battle between the East German and West German Zeiss' over lineage appears to have been settled, or at least to be dormant. Herr Biermann's company, which claims to be the original one since it operates from the historic Zeiss town of Jena, now trades internationally under the name of Carl Zeiss Jena. The West German company, formed by Jena employees who fled after the war, calls itself plain Carl Zeiss.

In terms of quality, there is little to distinguish between the two. In terms of size, the East German is probably the bigger, though the exact quantity and value of its output is hard to assess due to a lack of comparable statistics.

Apart from its prestige, Carl Zeiss Jena is clearly a major asset both to the GDR and other members of the Soviet bloc. Benefiting from traditions and technology that rate among the best in the West, its activities have expanded enormously with the growth of precision engineering, electronics and even space flight.

According to Herr Biermann, the Russians' recent announcement that their latest Soyuz spacecraft was fitted with Zeiss equipment was nothing new. Zeiss has contributed to the Soviet space programme for years, but this was kept secret.

Zeiss' activities, or at least those of them that are not secret, are now being concentrated on six areas, one of the most important being space research. Zeiss are developing special cameras and other precise instrumentation for the Soviet space effort as well as control instruments for the programme's other suppliers.

An associated area is the traditional Zeiss activity of astronomical instruments, of which Herr Biermann says the company now produces a wide range, from observatory equipment to planetaria and other educational aids.

The company is also expanding production of medical equipment, notably that used for cancer research, under a programme that is given emphasis in the GDR's new Five Year Plan.

A fast-growing activity is photogrammetry, or the construction of three dimensional models from photographs. Zeiss originally developed this technology to enable maps to be made from aerial photographs. But it now claims to have achieved such high degrees of accuracy that the process can be applied to industrial use. Renault have shown interest in its application to creating car bodies.

The other two areas of specialisation are the more traditional ones of microscopes and surveying instruments.

Resources

Herr Biermann explains that the company devotes considerable resources to keeping abreast of new technological developments and conducting its own research. Some 14 per cent. of the company's total annual turnover of 1.2bn. M (at the official rate of exchange the GDR Mark is worth the same as the DM) goes on R and D, about twice the GDR's industrial average.

The company also maintains close contact with Soviet research establishments as well as Western companies and laboratories.

"The efficiency and profitability of a company like ours depends on how quickly we can adapt to new circumstances," he says.

Zeiss is unusual in that it has its own foreign trade organisation. Most GDR companies have to trade through a separate state-run organisation. Herr Biermann, who is in charge of the Zeiss trade organisation, explains that this increases the company's effectiveness in foreign markets, though under East German law his company is not permitted to handle foreign currency. This must be done by the banks.

Despite confusion over the two companies, Carl Zeiss Jena is trying to increase its dealings with the Western world. It currently exports 70 per cent. of its production, but three quarters of this goes to other Socialist countries. A lot of the remainder goes to Latin American and Arab markets, which Herr Biermann describes as profitable but unpredictable.

Money and Exchanges

Bank of England Minimum Lending Rate 14¾ per cent. (since November 19, 1976)

Bank of England Minimum Lending Rate was cut by ¼ per cent. to 14¾ per cent. on Friday. At the weekly Treasury bill tender the average rate of discount fell by 0.2516 per cent. to 14.0028 per cent. This was the first reduction in Minimum Lending Rate for over eight months. On March 5 MLR was reduced by ¼ per cent. to 9 per cent. This was followed by an increase to 10½ per cent. on April 23; to 11½ per cent. on May 21; to 13 per cent. on September 10; and to 15 per cent. on October 7. Over the same period sterling has fallen by about 30 cents against the U.S. dollar. The last time the pound traded above $2 was March 4.

Interest rates in the London money market indicated a fall in MLR throughout last week, but by Thursday the authorities were obviously concerned that the market may have considered a reduction of at least ½ per cent. Day-to-day credit was in very short supply on Thursday, largely because of the authorities' success in selling gilt-edged stock. Settlement of the previous day's large sales contributed to an extremely large shortage.

The Bank of England took the oppportunity to give a signal to the market by lending funds to 11 or 12 discount houses for a period of one week. This was taken to to indicate that official policy was strongly opposed to a steep fall in MLR, but that the authorities would accept a cut of ¼ per cent.

Day-to-day credit was in short supply overall last week. The large assistance given on Monday included moderate lending overnight to six or seven houses, while Tuesday's extremely large help included large lending overnight to seven or eight houses. A moderate number of Treasury bills were bought by the authorities on Wednesday, and along with the loans for one week on Thursday the extremely large help given on that day included large lending overnight to 11 or 12 houses. Extremely large loans were made over the week-end to the market on Friday.

Discount houses paid around 15 per cent. for the major part of their day-to-day loans and many houses may have hoped to see a rather larger reduction in MLR to improve the margin between their investments and borrowed funds.

Sterling gained 5.30 cents on the week, finishing at $1.6795-$1.6805. The sharp improvement in New York on Thursday, and other markets on Friday followed the introduction of new foreign exchange control measures and the squeeze on bank lending. The announcement on the new measures came too late to affect the London market on Thursday, but even before that the pound was showing a useful improvement from the previous Friday.

Optimism about the successful conclusion to the loan negotiations with the International Monetary Fund and indications that a solution may be found to the problem of the sterling balances helped to support the pound over most of the week.

The best level touched on Friday was $1.6865-1.6875 while sterlings trade-weighted average depreciation, as calculated by the Bank of England, finished at 44.1 per cent. compared with 45.3 per cent. at the end of the previous week.

Trading in most other major currencies was generally quiet, but the French franc lost ground on fears about the economy and labour relations.

Gold fell $5¼ to $130-131. The metal touched a closing high point of $138¾-139¾ on Monday, but tended to fall back on profit taking.

Nov. 19 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	15¼-17	—	—	—	—	14-15	—	—	—
2 days notice	—	—	15-15¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	15-15⅝	15⅛-15¼	—	15¼-15⅛	—	14⅞-15	—	—	—
One month	15-14⅞	14⅞-15⅜	15-15⅛	15¼-14⅞	15¼-15⅜	—	14¼-14½	15	14½-14⅞	15⅜-15¼
Two months	14⅞-14⅝	14⅝-14⅞	—	15-14⅞	15-15⅛	—	14-14¼	14	14⅛-14⅜	15¼
Three months	14⅞-14⅞	14½-14⅝	14⅝-14¾	15-14⅞	15-15⅛	—	13¾-14	14-13⅞	14⅛-14⅜	15¼-15
Six months	13⅞-13⅝	15⅛-13⅝	14-14⅛	14⅛-13⅝	14-14⅛	—	—	—	15⅛	15¼-14½
Nine months	13⅝-13⅛	13¼-13⅝	—	14⅛-13¼	14-14⅜	—	—	—	—	—
One year	13⅛-15	13⅛-13⅝	14-14⅛	13¾-13⅞	14-14⅛	—	—	—	—	—
Two years	—	—	13⅝-14⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authorities mortgage rates nominally three years 14¼-14½ per cent.; four years 14½ per cent.; five years 14¾ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent.; four-month trade bills 15¼-14¾ per cent. Approximate selling rate for one-month Treasury bills 13 15/16 per cent.; two-month 13⅞ per cent.; and three-month 13⅞ per cent. Approximate selling rate for one-month bank bills 14⅞ per cent.; two-month 14¼ per cent.; and three-month 13 29/32 per cent.; one-month trade bills 15¼-15⅛ per cent.; two-month 15⅛ per cent.; and also three-month 15⅛-14⅞ per cent.

Finance House Rates (published by the Finance Houses Association): 14 per cent. from November 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 11 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury bill average tender rates of discount 14.0028 per cent.

FOREIGN EXCHANGES

Nov. 19 1976	Bank Rates %	Day's Spread	Close
New York	5¼	1.6775-1.6875	1.6795-1.6805
Montreal	8½	1.6610-1.6695	1.6625-1.6650
Amsterdam	7	4.23-4.30	4.24-4.25
Brussels	9	62.15-63.10	62.20-62.40
Copenhagen	11	9.94-10.05	9.94½-9.95½
Frankfurt	3½	4.05-4.12	4.06-4.07
Lisbon	6½	52.8-53.41	52.70-53.10
Madrid	7	114.75-116.5	114.85-115.05
Milan	15	1,452-1,467	1,455-1,455
Oslo	6	8.87-8.96	8.87¼-8.88¼
Paris	10½	8.3-8.51	8.39¾-8.40¾
Stockholm	6	7.07-7.17	7.07¾-7.08¾
Tokyo	6½	493-505	4.…-493
Vienna	4	28.75-29.40	28.8-29.00
Zurich	2	4.10-4.16	4.10½-4.11½

* Basic discount. † Rates given are for convertible francs. Financial franc 62.20-62.40.

OTHER MARKETS

		Notes Rates	
Argen'na	238.79-256.88	Argentina	675-475
Australia	1.5648-1.5688	Austria	27⅛-28
Brazil	19.49-19.96	Belgium	64½-65½
Finland	6.45-7.00	Brazil	21-25
Greece	61.088-62.630	Canada	1.61½-1.64
Hong Kong	8.025-8.3030	Denmark	9.75-10.50
Iran	[illegible]	France	8.15-8.35
Kuwait	[illegible]	Germany	3.95-4.15
Luxemb'g	62.25-63.24	Greece	[illegible]
Malaysia	4.2420-4.3465	Italy	1440-1490
N. Zealand	1.7258-1.7456	Japan	485-505
Saudi Arab	5.90-6.00	Neth'rl'ds	4.1-4.35
Singapore	4.1255-4.1650	Norway	8.55-8.88
S. African	1.4571-1.4742	Portugal	51-55
U.S.		Spain	110-116
Canada		Switzerland	3.95-4.15
CS		U.S.	1.65-1.68½
U.S. cents	101.59-101.62	Yugoslavia	63-65

GOLD MARKET

	Nov. 19	Nov. 18
Gold Bullion (a fine ounce)		
Close	$130-131	$128¼-129¼
Opening	$129¾-130¾	$129½-130½
Morning fix'g	$131.15 (£77.880)	$129.10 (£77.524)
Afternoon fix'g	$130.20 (£77.384)	$128.65 (£77.381)
Gold Coins domestically		
Krugerrand	$132½-134½ (£79.0)	$131-133 (£79.0)
New Sov'r'gns	$48.50 (£28½-29½)	$46.48 (£28.29)
Old Sov'r'gns	$46½-47½ (£27¼-28¼)	$45-47 (£27½-28¼)
Gold Coins (internationally)		
Krugerrand	$133½-135½ (£79½-80½)	$132-134 (£79½-80½)
New Sov'r'gns	$46-48 (£27½-28½)	$45½-47½ (£27¼-28¼)
Old Sov'r'gns	$41-43 (£24½-25½)	$40½-42½ (£24½-25½)
$20 Eagles	$218-221	$216-219
$10 Eagles	$118-121	$116-119
$5 Eagles	$76-79	$76-79

EURO-CURRENCY INTEREST RATES*

Nov. 19 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
Short term†	15½-16	4¾-5	8¼-9¼	8¾-9¼	3⅞-4⅛	¼-⅜
7 days notice	15¾-16¼	4¾-5	8¾-9¾	8⅝-9¼	4⅛-5⅛	2⅛-2⅜
Month	15¾-16	4⅞-5⅛	8⅞-9⅛	8¾-9¼	4⅛-4¼	2⅛-2⅜
Three months	15⅛-15¾	5⅛-5⅜	9-9¼	8½-9	4⅛-4⅜	2⅛-2⅜
Six months	15¼-15⅞	5⅝-5⅞	9-9¼	8⅛-8⅝	4¼-4⅝	2⅛-2⅜
One year	15-15⅝	5⅞-6⅛	9-9¼	7¾-8¼	4⅛-4⅜	2⅛-2⅜

Euro-French deposit rates: two-day 10½-10⅞ per cent.; seven-day 10¾-10⅞ per cent.; one-month 11¼-11¾ per cent.; three-month 12¼-12⅞ per cent.; six-month 12¼-12⅞ per cent.; one year 12-12½ per cent.

Longer-term Eurodollar deposits: two years 7-7½ per cent.; three years 7⅛-7⅞ per cent.; four years 8-8½ per cent.; five years 8⅛-8⅜ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4 15/16-5 1/16 per cent.; three-month 5 1/16-5 5/16 per cent.; six-month 5⅝-5⅞ per cent.; one year 5⅝-5⅞ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

FORWARD RATES

	One month	Three month
New York	1.55-1.45 c. pm	4.17-4.07 c. pm
Montreal	1.…-0.9 c. pm	5.80-5.60 c. pm
Amst'dam	2¾-1¾ c. pm	7½-6½ c. pm
Brussels	25-05 c. pm	55-35 c. pm
Cop'nhg'n	5¾-1¾ ore pm	2¼-1¾ ore pm
Frankfurt	[illegible]	1⅞-1⅜ pf. pm
Lisbon	0-10 c. dis	par-110 c. dis
Madrid	[illegible]	45-80 c. dis
Milan	par-15 lire dis	25-45 lire dis
Oslo	4-2 ore pm	10¼-8¼ ore pm
Paris	3-2 c. pm	6¾-5¾ c. pm
Stockh'lm	3½-1½ ore pm	8¼-6¼ ore pm
Vienna	25-15 gro pm	65-45 gro pm
Zurich	5⅛-4⅛ c. pm	13⅛-11⅛ c. pm

Six-month forward U.S. dollar 7.50-7.60c pm and 12-month 13.30-13.40c pm.

EXCHANGE CROSS-RATES

Nov 19	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2467-29	48.24-31	6.52-…	4.063-73	95.65-8	98.89-95
N. York	41.32-34	—	19.98-20.0	2.698-7025	1.680-6860	39.61-63	40.87-89
Paris	207.075-475	5.0045-145	—	13.505-530	8.417-42	198.25-65	204.85.2
Brussels	1…0.58	37.3-07	7.38-41	—	62.25-40	14.64-68	1.13-17
London	4.06-07	1.677-80	8.39-409	62.24	—	4.24-25	4.1-11
Am'rd'm	104.45-505	2.5-61-2…	20.40-5	6.185-235	4.2505-55	—	103.33-38
Zurich	101.02-16	2.4457-5	48.79-83	6.82-60…	4.1185-255	96.82-90	—

U.S.$ in Montreal, U.S.$=98.64-68 Canadian cents. Canadian $ in New York: C$=101.33-35 U.S. cents. U.S.$ in Milan 860.20-865.75. Sterling in Milan 1453.75-1455.25

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Nov. 19	Nov. 18
Sterling	0.686851	0.695104
U.S. dollar	1.15494	1.15482
Belgian franc	42.8021	42.8502
Deutschemark	2.79258	2.79379
French franc	5.78567	5.77197
Italian lira	999.427	998.920
Japanese yen	341.119	340.725
Dutch guilder	2.91911	2.92133
Swedish krona	4.87658	4.87485
Swiss franc	2.82429	2.82218

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

MINING NOTEBOOK

Of gold and tin and Teutonic Bore

BY LODESTAR

"POTENTIALLY the most profitable investment area in the world." This is the forthright verdict on gold bullion and gold shares given by London brokers Rowe and Pitman, Hurst-Brown. True, they qualify it by saying that the opinions in their current review are based solely on an examination of price charts but the view expressed indicates the significant turn-round that has occurred in the prospects for this section of the mining market which peaked in mid-1975. The subsequent bear phase brought the gold mines index down from 442.3 to 78.8 last August. On Friday it was 139.8. So it has already bounced by 77 per cent.

The bullion price was lingering around $104 an ounce at the end of August. It is now $130½, a rise of 25 per cent. after touching $140 last week before profit-taking was run into with some of the selling possibly on Russian account while South Africa appears to have been realising small amounts of gold from its reserves recently.

What now? Well, there could be a degree of caution over the next couple of weeks before the fifth International Monetary Fund gold auction comes along on December 8. The general view is that the downside potential in the meantime should be no worse than $125 and that any decline to this level could signal a fresh buying opportunity in the share market in anticipation of this auction being as successful from the point of view of the bulls as the last one in October.

Looking further ahead there is the shadow of what proportion of the gold that is to be returned by the IMF to member countries at the end of the year will subsequently find its way onto the open market. There is also the possibility that the IMF could decide on weekly auctions. Altogether, a degree of short-term caution is advisable but on the theory that the bear market in both bullion and the shares has now turned into a possibly long-running bull phase buying opportunities should be worthwhile seizing on setbacks in both gold shares and krugerrands.

Middle Wits at 215p are suggested by brokers James Capel as having been overlooked in the recovery to date, having only come up from a low of 195p. Laurence, Prust pick Canada's Dome Mines as a non-South African gold and oil investment. Toronto price is $40⅛.

Floors and ceilings

Next month also has a significant event for another section of the mining market, tin shares. On December 6 the International Tin Council will be re-assembling to consider whether or not the buffer stock manager's "floor" and "ceiling" dealing prices should be adjusted upwards. A decision was postponed at the October meeting possibly in order not to embarrass the U.S. which was attending as a consumer member for the first time.

Meanwhile, it is notable that the Penang price has once again broken through the present "ceiling" of $M1,200 a picul. On Friday it was $M1,250. The 1975 average was $M984. The share market has been quiet of late now that the euphoria over the company emigration trail from London to Malaysia has died down but this column's favourite, Ayer Hitam, at 325p still stands at double the price at which the shares could have been bought earlier this year despite the disappointing profit estimate for the year to next June recently issued by the company.

If the ITC meeting does raise the "ceiling" to, say, $M1,300 then the tin share market could finish the year in good style with the metal price possibly knocking up against this price. A selling signal for Ayer Hitam may then be given in this column.

Selection Trust

Holders of Selection Trust who took up the new shares at 400p earlier this year will no doubt have breathed a sigh of relief when they saw the good half-year profit figures detailed in Friday's Mining News column. Even so, the shares are still only 397p. Now shareholders must hope for further good tidings from the Teutonic Bore copper-zinc prospect in Western Australia from which there has been no drilling news, either official or unofficial, since last month. But things are certainly active enough in the area.

What is described by our man in Perth as a "full-blooded" pegging rush is still in progress. The Mines Department's Leonora office has had no less than 1,830 claims applied for so far. Each covers 300 acres. As usual in situations of this sort many will be relinquished with minimal cost in 90 days but at least half are expected to be maintained.

Much of the pegging is being done by Selection Trust and its partner MIM Holdings in order to protect the area round their find but the oil company Esso has also been particularly active among the larger companies. As previously reported, Jones Mining, Spargos, North West Mining and Otter have been leading the junior exploration.

Jones Mining goes so far as to say that the Teutonic Bore discovery is "as significant as the first nickel find at Kambalda in 1966." The company headed by Mr. John Jones thinks that its own Cubi Bore area claims are "very promising" but that only drilling can assess grade and size. This is always an expensive proposition for the "minnows" in the prospecting pool but Jones is seeking a share placement to provide finance. Mr. John Jones is also chairman of North Kalgurli.

Mention of Esso reminds me that, apart from its reported interest in acquiring Poseidon's half share of the Windarra nickel mine, Shell also remains very active in the Australian exploration field with resident geologists at key centres and a prospecting budget of around $A1m. (£0.73m.) a year. According to manager Mr. R. M. Charlton the oil giant is undaunted by its lack of success over some four years in turning up a viable orebody.

BH South query

I keep getting inquiries about BH South, understandably with the shares reaching new lows in London every week, a great disappointment for those who bought them in the hope of a bonanza from the Queensland phosphate project which has been running at a loss during its interim start-up period. The share price has also been dragged down by announcement of a pending rights issue the terms of which have still to be revealed.

Melbourne sources were at one time expecting that they would be one for two at $1 but with the price there now down to $1.05 the guess has been altered to three for five at 90 cents to raise $16.6m. (£12m.). There is obviously no hurry to average the shares until the new issue comes to fruition.

After that there could be some hope with the prospect of the company breaking even in the year to next June and possibly resuming dividends in 1977-78. There is also an outside chance that eventually the long mooted marriage between North Broken Hill and BH South could take place especially now that the former has completed its restructuring exercise. Both are in the same Collins Street stable. BH South are currently 108p in London.

* * *

A sound piece of advice from my favourite down-under columnist, Pierpont of the Financial Review. It is that mining notoriously has bad years as well as good ones and if governments rip off big producers too heavily in fat years their ability to withstand lean ones is weakened. If this sentence "had to be written out 100 times by every politician about to propose a new slug on the mining industry at least we might have better considered taxes and royalties." He was discussing Tasmania's struggling Mt. Lyell copper mine which is now having to cut back operations.

INSURANCE

Surrender penalties should be explained at the outset

BY OUR INSURANCE CORRESPONDENT

LIFE ASSURANCE has been for many years one of the most important of personal savings media, boosted by the unique tax relief subsidy available on regular premium contracts. The emphasis in advertisements, sales literature and illustrations is on the profit to be made at the end of the investment period. The tables published periodically by Planned Savings and Money Management show that the return on regular savings policies, both traditional and unit-linked, have been consistently above average.

Yet a recent survey showed many investors were disillusioned and disappointed with life assurance as a savings vehicle because of the low returns on surrender before the end of the investment period. Indeed, investors can lose money if they surrender during the first years. The sales talk and literature do not point out the penalties that can be incurred on early cash-in.

The point that should be emphasised is that life assurance is a long-term savings medium and does not operate in the same way as a savings bank. There are certain essential differences—the provision of death cover and the method of recouping expenses. With traditional business, the method of distributing profits has also to be taken into account.

To understand how surrender values are calculated, investors must first appreciate that the premiums for a life assurance contract are divided into three parts. The first pays for the guaranteed death cover, the second meets expenses and the third represents the investment portion which is accumulated by the life company on behalf of the investor. The surrender value of a policy is thus the return of this accumulated investment portion.

The expenses of issuing a life policy are comparatively high while the cost of maintaining a policy on the books is low. Some unit-linked business reacts to this imbalance in a realistic manner by front-end loading of premiums, thus deducting expenses from the first few premiums to coincide with their actual occurence.

Imposes restraints

In contrast, traditional and other unit-linked business relies on recouping these initial expenses throughout the duration of the contract. If there is an early cash-in, the initial expenses incurred have not been recouped, so the life company in calculating the surrender value must allow for this portion of expenses if it is not going to lose on the transaction. This deduction will be largest during the early years.

The question has been raised as to why life companies do not guarantee surrender values so that the investor would know at outset just what he would be losing on early cash-in. This is the standard practice in Canada and on the Continent. But British life companies have been against giving such guarantees for the simple reason that it imposes restraints on investment policy. This point was made by Mr. Mark Weinberg at the recent Financial Times world insurance conference.

The return per unit investment on U.K. life assurance is much higher than with its comparable Continental counter-part because of this investment freedom. The aim of life company investment managers is to secure the best return for policy-holders over the whole term of the contract. The surrender value should give a fair, but not over-generous, return allowing both for unrecouped expenses and in traditional business for investment conditions at the time of cash-in.

This is a reasonable attitude because, after all, it is the policyholder not the life company who is terminating the contract. But life companies ought to explain the surrender value position to consumers at the outset, especially the reasons why penalties are incurred in the early years. In the survey mentioned above, investors were adamant that no-one had referred to these points when they were being sold the contract. It is a defect in life assurance selling that should be remedied.

SOCCER

Not good enough

BY TREVOR BAILEY

AFTER THE way Italy exposed England's many limitations in Rome last week, the big question is where do we go from here, apart from out of the World Cup? The present England side is not good enough for top class international football, and it is difficult to visualise any immediate improvement.

Don Revie has a very difficult job because there is an acute shortage of talent. But one cannot help feeling that he lacks the tactical conviction of his predecessor, Sir Alf Ramsey, who decided on what he believed was his most effective side and stuck to it. Revie seems no nearer to finding his best team than when he took over, a fact reflected in the last two World Cup games against Finland and Italy, when he made no fewer than six changes as well as employing two entirely different formations.

Even allowing for the fact that the match requirements were not the same—he needed a big win against Finland and a draw with Italy—changes on this scale do not make sense. Success in soccer depends so much on close understanding between the players which can only come from playing matches together. This was perfectly demonstrated by the Italian back four, three of whom come from Juventus.

Whether the enigmatic Bowles is the right person to lead England's attack is a matter of opinion, but to ignore him for so long and then throw him in at Rome is difficult to understand. Although he failed there, this also applied to those two established forwards, Keegan and Channon, and was directly related to a supply service which was both unoriginal and desperately short of flair.

It is still feasible for England to qualify for the World Cup finals, though extremely unlikely.

What is worrying about the return encounter at Wembley next year is the pace and the effectiveness of the Italian counter-attacks, which are likely to become fore frequent with England having to adopt a more offsensive attitude.

Let us hope that Don Revie is able to come up with a solution, although at this late stage it is hard to be optimistic. He must still be uncertain about the make-up of his strongest team. He has problems in defence, in midfield and up front.

The one really satisfactory feature of the Rome match was the performance of Greenhoff, who though not employed in his normal role with Manchester United, did more than enough to suggest that here is a player with a great future. We need several more.

INSURANCE BASE RATES

† Atlantic Assurance ... 14¾%
Cannon Insurance ...... 13 %
† Address shown under Insurance and Property Bond table

HOME NEWS

Scheduled airlines seek cheaper Atlantic fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SCHEDULED AIRLINES flying the North Atlantic have resumed efforts to find new cheap fares to combat charter competition at a meeting in Geneva under the auspices of the International Air Transport Association.

The aim of the experts from 26 airlines is to find a new, simplified fares structure from next April 1 that will attract back a substantial part of the traffic now travelling on independent charter flights.

Scheduled airlines account for 73 per cent. of all North Atlantic traffic. Of the remaining 27 per cent. which is charter business, the IATA-members carry some two-fifths on charter flights they arrange themselves, but the rest is all carried by the independents. It is this latter traffic the IATA members want to get back.

They have recognised that they must invent new types of low fare that will compete with the cheap charter rates.

This means that the new fares will probably have to be even cheaper than the present cheapest scheduled rates — such as the Advanced Purchase Excursion (Apex) rates, and perhaps even cheaper than the Advanced Booking Charter fares that are available out of the U.K. to North America.

Various ideas have been proposed at the Geneva meeting, including the possibility of making a new ultra-cheap rate available directly to tour organisers for inclusion in package holidays, but not directly put on sale to the public.

Another is for the airlines to introduce what is effectively a "fourth class" of travel, at a fare below existing first, economy and Apex classes.

This would perhaps involve reduced seating and cabin-service standards, but would be difficult to introduce because of the physical changes it would require in aircraft seating arrangements and the complexities it would create in marketing.

It is possible that these various proposals will take time to introduce, even if agreed. Accordingly, some airlines at Geneva are talking about the phased-introduction of a new, simplified fares structure over a period of one to two years, beginning on April 1.

What is worrying the airlines, however, is the fact that the North Atlantic, although the busiest of all the world's major scheduled routes, is also the most disastrous economically, with collective airline losses of more than $526m. (over £315m.) in 1975, on top of losses of $458m. in 1974.

Mr. Michael Dargan, who recently carried out an economic study of the North Atlantic for IATA, told the annual meeting in Singapore earlier this month that for the past six years, from 1970 to 1975, the total net losses on the North Atlantic amounted to $2.2bn., with no signs of an improvement in 1976.

It is against this background that the airlines are trying to find ways and means of attracting back the passengers now moving onto charter flights because of cheap fares. The Geneva talks are expected to last for several weeks, at least until December 11.

Further f[…] expected […] by builde[…]

Financial Times Reporter

THE BUILDING slump i[…] is aproaching crisis pro[…] and the majority of co[…] in the industry are pred[…] further decline in new[…] and jobs in the next few[…] according to the lates[…] inquiry by the National […] tion of Building Trad[…] ployers.

Of the 890 companies […] to the survey 75 per c[…] they were operating a[…] quarters capacity or l[…] seems certain, this pr[…] will again increase in […] 12 months.

The decline applies […] local authority and priva[…] building.

The results show t[…] thirds of the companies […] even fewer inquiries […] work than in the summ[…] 65 per cent. of the build[…] panies expected to do e[…] work next year than thi[…]

Job prospects are also […] Some 65 per cent. of c[…] expect to employ few[…] year.

Postal services campaign launched by Post Office

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST Office breaks important new ground to-day in its efforts to add some impact to the promotion of its postal services.

It is launching an extensive advertising campaign through TV commercials, and Press and poster advertising aimed at increasing public understanding of the postal services and at improving profitability.

The campaign comes at a time when the Post Office's mail and parcels traffic has been falling for some years and it has encountered outspoken criticism from user organisations for its poor record in market research and its lack of commitment to the promotion of its inland services.

The new Post Office campaign, which will use Tommy Steele, the entertainer, as its anchor man, is designed to encourage people to make better use of the available services and to put over information to enable the services to operate more efficiently.

More than 92 per cent. of the 9bn. letters posted each year are delivered on schedule. But millions are delayed because of illegible or incorrect addresses, difficulties which add more than £5m. a year to costs.

The Post Office recruited Dorland Advertising earlier this year to boost its promotional activities and to handle the campaign.

It is unwilling to reveal what the campaign is costing, apart from saying that it is part of an overall budget of some £1.5m.

The Post Office itself is involved in consultancy work and is working on ten overseas projects worth more than £35m.

But its marketing strategy, or apparent lack of it, has caused much critical evidence to be given on this subject to the Post Office Review Committee, which is engaged on an extensive 15-month inquiry into a wide range of Post Office affairs.

Unlike telecommunications, the postal side of the corporation's business has contracted in recent years, and last year the total of correspondence posted declined by more than 8 per cent. compared with 1974-1975. Last year letter traffic during the Christmas period fell by more than 16 per cent. and parcel traffic by 24 per cent., compared with the previous year.

New output rise urged

Britain must raise her annual rate of output from the average 2¼ per cent. of the last five years to 3¼ per cent. to bring down unemployment, says an economic report out to-day.

An increase of this size from now until 1980 would reduce the jobless total to about 800,000, says *Business Forecast*, quarterly economic bulletin of the Charterhouse Group, the industrial, financial and banking concern.

Boyson: Probe NUS

Dr. Rhodes Boyson, newly-appointed Opposition spokesman on education, called for an investigation into the finances of the National Union of Students following the collapse of its company, NUS Travel, which provided cut-price travel for students.

Newspaper killed

One of the oldest newspapers, the Hampshire Telegraph, will cease publication after next week's issue. It started in 1799 as the Portsmouth Telegraph or Mottley's Naval and Military Journal. In the last three years it won top design awards. The proprietors, Portsmouth and Sunderland Newspapers, blamed increasing costs and falling revenue.

مكتبة من الأصل

OVERSEAS MARKETS

EUROBONDS BY TONY HAWKINS

Uncertainty in new issue market

ALTHOUGH prices recovered in the secondary market towards the end of last week, conditions in the new issue market were sufficiently uncertain as to instil a note of caution, resulting in the postponement of new offerings.

On Friday, the news of a further prime rate cut—to 6½ per cent. from 6¾—by Morgan Guaranty bolstered an otherwise rather anaemic recovery, which, hitherto had been based primarily on a strong domestic bond market in New York, though sterling's strength helped the English names.

The decision by the Federal Reserve to ease U.S. monetary conditions is being interpreted as a distinct shift in policy and should give the secondary market a welcome boost this week.

But whether this will encourage a continuing high level of new issues is another matter. Late last week more than one market observer was prepared to suggest that the great 1976 new issue bonanza might be coming to an end. Although in recent months the Eurobond market has demonstrated an impressive capacity to digest a substantial volume of new issues, in the last few weeks there has been mounting evidence that some of these issues have been very loosely held indeed.

Thus while lead managers have been able to point to substantial oversubscriptions, the performance of several stocks in the after-market has been decidedly unimpressive. This may signal an end to the new issue boom though the consensus view—helped no doubt by the Fed's Friday actions—remains that a high level of activity is likely for several months yet.

The Midland Bank $75m. 10-year bond issue was priced at 99 on a coupon of 8¾ per cent. to give a return on average life of 8.95 per cent. This is virtually identical to the return available on the currently-quoted National Westminster bonds. It was generally agreed that the issue had been less than a resounding success. Market conditions had been unfavourable and British names are not the highest-rated these days. But the lead managers say that the issue was well subscribed and describe its pricing as realistic in the light of current market conditions.

There will be considerable interest in the stock's secondary market performance this week. It has at least three things going for it—the recovery of sterling, the much improved secondary market and the further downshift in U.S. interest rates.

The South of Scotland Electricity Board issue is still in the market and will be priced this week. In the light of the uninspiring Midland performance, it is difficult to be optimistic of its prospects, but the lead managers are on record as saying that a significant proportion of the offer was preplaced and also that the size of the issue might well be increased.

A feature of the secondary market was the marking down of Canadian issues in the wake of the surprisingly-strong Separatist electoral victory in Quebec. True to form, however, the markets overreacted and by the week-end, the Quebec issues had regained the greater part of their losses.

The new issue market will be tested this week by the $25m. offer of 10-year bonds on a 9½ per cent. coupon for the Canadian-based company, Polysar. This group has successfully tapped the Eurobond market in the past and has a good reputation. The 9½ per cent. coupon for a 10-year bullet issue is both generous and indicative of the tougher new issue environment that currently prevails, especially for Canadian names. Wood Gundy is lead manager.

The DG floating rate issue is going extremely well as evidenced by the decision to increase it from $40m. to $50m.

Nippon Meat Packers to-day announces a $19½m. equity issue of continental depositary receipts. This is one of the major Japanese process industries with 1976 sales in excess of $600m.

It is offering 7½ million shares at a discount from the price ruling on the Tokyo Stock Exchange on November 30. Lead managers are J. Henry Schroder Wagg and Yamaichi Securities (Europe).

The strength of the Euromark sector was all too evident from the coupon cutting that took place in the European Investment Bank issue. This issue started out with an indicated 7¼ per cent. coupon which was twice reduced, first to 7 and finally to 6¾ per cent., breaking the 7 per cent. barrier for the first time in years.

The DM100m. 8¼ per cent. of 10-year bonds (average life 8 years) for the Brazilian state-owned iron-ore group is expected to be priced at a slight discount.

Indices

NEW YORK —DOW JONES

	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 12	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	949.80	950.13	958.08	955.34	955.42	927.69	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
HomeB'nds*	90.29	90.05	89.97	89.80	89.79	86.69	90.29 (19/11)	85.98 (13/7)	—	—
Transport	221.90	221.98	218.40	218.44	212.85	211.81	231.77 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	100.24	100.40	99.05	98.45	98.86	98.67	100.40 (18/11)	84.8 (25/5)	165.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's	24,650	24,000	18,900	21,020	16,710	15,560	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Nov. 18	Nov. 5	Oct. 29	Year ago (approx.)
	4.35	4.07	5.98	4.45

STANDARDS AND POORS

	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 12	1976 High	1976 Low	Since compilation High	Since compilation Low
* Industrials	115.77	115.74	112.50	111.66	111.55	110.75	120.89 (21/9)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	101.92	101.80	100.61	100.04	99.80	98.24	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Nov. 17	Nov. 10	Nov. 3	Year ago (approx.)
Ind. div. yield %	3.84	3.89	3.75	3.73
Ind. P/E Ratio	11.35	11.14	11.65	11.84
Long Govt. Bond yield	6.36	6.36	6.39	8.14

N.Y.S.E. ALL COMMON

Nov. 19	Nov. 18	Nov. 17	Nov. 16	1976 High	1976 Low
54.61	54.56	55.85	55.52	57.61 (21/9/76)	57.08 (2/1/76)

Rises and Falls — Nov. 19

Issues Traded—1,898 Up—884

Down—564 Same—450

New Highs 86 New Lows 15

MONTREAL		Nov. 19	Nov. 18	Nov. 17	Nov. 16	1976 High	1976 Low
	Industrial	167.81	167.05	164.84	167.58	207.55 (19/5)	164.84 (17/11)
	Combined	165.50	162.44	165.39	168.85	199.78 (20/5)	162.44 (15/11)
TORONTO	Industrial	168.81	167.72	164.97	169.58	187.45 (20/2)	164.97 (17/11)
JOHANNESBURG	Gold	174.7	170.7	175.8	178.1	228.7 (12/3)	115.5 [illegible]
	Industrials	174.8	174.5	175.8	174.8	215.0 (21/5)	173.8 (17/11)

	Nov. 19	Previous	1976 High	1976 Low
Australia (a)	413.78	413.16	522.63 (19/5)	413.16 (12/11)
Belgium (b)	90.53	88.41	113.18 (5/2)	87.15 (25/10)
Denmark (d)	100.78	100.35	117.70 (19/8)	100.14 (14/10)
France (e)	53.4	53.7	74.5 (5/4)	51.5 (26/10)
Germany (f)	711.6	708.2	821.7 (17/5)	687.7 (29/10)
Holland (g)	84.7	84.9	105.6 (5/2)	77.9 (15/10)
Hongkong (h)	390.80	392.62	465.44 (17/5)	384.56 (2/1)
Italy (k)	69.59	67.68	91.37 (25/2)	64.95 (10/11)
Japan‡ (m)	342.72	343.16	359.61 (1/9)	326.32 (2/1)
Singapore (n)	248.48	247.70	296.16 (3/2)	226.37 (2/1)
Spain (p)	81.53	79.35	100.76 (7/5)	75.22 (11/11)
Sweden (q)	404.41	402.14	476.95 (10/6)	395.51 (2/11)
Switz'rl'd (r)	264.3	261.8	297.6 (11/5)	253.5 (16/11)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

AUSTRALIAN WEEKLY LIST

Australian $	Nov. 19	Nov. 12
Advertiser Newspaper	†1.62	†1.62
Ansett Transport	†1.18	†1.13
Assd. Securities	†0.38	†0.39
Aust. Guarantee	†1.42	†1.58
Aust. Paper M'nf'rg.	†1.28	†1.28
Boral	†1.85	†1.85
Brambles Inds.	†1.48	†1.57
Burns Philip	†2.08	†2.12
Carpenter (W.R.)	†1.16	†1.15
Castlemaine Perkins	†3.55	†3.60
Coal & Allied	†1.80	†1.85
Commercial Bank	†2.45	†2.50
Commercial Union	†0.43	†0.42
Commonw'lth Mining	†2.10	†2.20
Grace Bros.	†1.65	†1.80
Hardie Asbestos	†5.30	†5.60
Herald & Weekly	†2.00	†1.98
Humes	†0.73	†0.79
Kiwi Int.	†0.85	†0.85
M.L.C.	†2.20	†2.20
Mauri Bros.	†0.55	†0.58
Mayne Nickless	†1.52	†1.52
Nylex Corporation	†0.35	†0.38
Olympic Cons.	†0.45	†0.44
Overseas Corporation	†1.20	†1.23
Petersville	†0.78	†0.75
Queensland Cement	†1.32	†1.30
QBE	†1.13	†1.15
Rocla Industries	†0.75	†0.82
Swan Brewery	—	†1.25
TV Corporation	†0.80	†0.85
Thiess	†2.00	†2.00
Thomas Nat. Trans.	†1.58	†1.60
Tooheys	†1.09	†1.12
Travelodge	†0.34	†0.45
Woodside Burmah	†1.07	†1.08

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Prices Nov. 21 1976	Change on the week
Banking, Insurance and Finance		
Bank Leumi Le Israel	252	+5.0
I.D.B. Bankholding	274	+6.0
Bank Hapoalim Br.	307	+13.0
Union Bank of Israel Br.	275	+4.0
United Mizrahi Bank	186	−4.0
Hassneh Insurance Br.	555	+5.0
Wolfson Clore Mayer Br.	90	−2.5
General Mtge. Bank Br.	387	−1.0
'Tefahot' Israel Mort. Bank Br.	375	+6.0
Land Development		
Africa Israel Invest. I£10	425	+33.0
Israel Land Devel. Br.	192	+3.0
Property and Building	271	−10.0
Mehadrin	391	+18.0
Public Utility		
Israel Electric Corp.	188	+10.0
Investment Companies		
Bank Leumi Invest	247	−8.0
Discount Bank Invest Br.	262	+9.8
'CLAL' Israel Invest	220	+7.0
'CLAL' Industries	168	+5.0
Commercial and Industrial		
Alliance Tire & Rubber	615	+5.0
Elco Br.	540	−120.0
Argaman Textile Br.	370	+15.0
'Ata' Textile 'B'	208	+0.5
Dubek Br.	402	—
Elec. Wire & Cable Br.	116	—
Solel Boneh 10% Pref. Br.	240	+18.0
American Israeli Paper Mills	205.5	−7.5
Assis	185	+5.8
Taal Manuf. of Plywood Br.	163	−12.0
Elite	340	—
Polygon	329	−5.0
'Teva' 'Reg'	1094	−9.8
Fuel and Oil		
Delek	255	+11.5

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

Hong Kong $	Nov. 19	Nov. 12
Govt. Loan 1948	†85.00z	87.00z
Amalgamated Rubber	1.55	1.53
Bowaters	—	—
China Light & Power	18.20xd	26.60
City Hotels	32.00	31.50
Cosmopolitan Properties	—	—
Cross Harbour Tunnel	9.60	9.40

SINGAPORE STOCKS

Nov. 19	$	Nov. 19	$
Industrials		Straits Trad'g	4.94
Bovis	0.48	Temenggong	†1.32
Boustead Co.	†1.52	Times Pub. Berhad	3.14
Boustead Bhd	3.26	U. Engineers	1.64
Dunlop	†2.90	U. Ov's. Bk.	3.32
Esso	†.77	Wearne	†2.54
Fraser Neave	3.16		

CANADIAN WEEKLY LIST

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY ◆

PARIS

AMSTERDAM

TOKYO

OSLO

BRAZIL

MILAN

BRUSSELS/LUXEMBOURG

VIENNA

SWITZERLAND ◆

SPAIN ◆

STOCKHOLM

COPENHAGEN

JOHANNESBURG

AUSTRALIA

CORAL INDEX Close 302-307

I.G. Index 0-351 3466

Three month silver 266.40-269.30

Investment premium based on $2.60 per £ — 120¼% (120%)

Hecla trading loss sharply reduced

By James Forth

SYDNEY, Nov. ...

AUTHORISED UNIT TRUSTS

[illegible]

REGIONAL MARKETS

[illegible]

CIAL TIMES STOCK INDICES

	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 12	A Year ago
[illegible]	58.44	58.06	57.97	57.92	57.93	57.72	58.56
[illegible]	57.95	57.62	57.64	57.52	57.57	57.58	58.91
...ary	307.2	317.0	311.1	310.2	311.8	308.9	376.5
[illegible]	159.8	156.8	157.2	140.6	161.0	145.8	229.5
[illegible]	7.12	6.90	7.04	7.04	7.00	7.08	5.62
...iling	22.55	21.45	21.95	21.95	21.85	22.04	15.67
...(nil)	6.55	6.88	6.68	6.69	6.70	6.64	9.28
[illegible]	5,267	4,474	4,223	4,908	4,746	4,462	7,095
...£m	—	69.50	44.57	56.19	56.98	50.67	61.34
...total	—	10,826	8,817	10,758	11,560	11,188	15,374

...m. 312.8. 11 a.m. 311.8. Noon 306.8. 1 p.m. 308.9.
2 p.m. 308.1. 3 p.m. 308.0.
Latest Index 01-246 8026.

...ased on 52 per cent. corporation tax. (b) Nil=6.49.
...ovt. Secs. 15/10/26 Fixed Int. 1928. Ind. Ord. 1.7.35. Gold ...
SE Activity July-Dec. 1942.

...S AND LOWS

...igh	Low	Since Compilation High	Since Compilation Low
.81	55.88	127.4	49.18
.46	55.57	150.4	50.53
0.0	265.3	546.6	49.4
6.9	76.8	442.3	42.5

S.E. ACTIVITY

—	Nov. 19	Nov. 18
Daily—		
Gilt-Edged ...	220.0	212.5
Industrials ...	160.0	135.6
Speculative...	33.1	27.2
Totals...	119.9	101.8
5-day Av'r'ge		
Gilt-Edged ...	205.5	202.7
Industrials ...	141.9	136.3
Speculative...	38.2	40.3
Totals ...	107.5	105.8

T—ACTUARIES INDICES

	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 12	A year ago
[illegible]	122.74	125.60	123.05	122.62	125.71	121.48	149.82
[illegible]	143.36	146.18	142.94	142.81	145.71	141.08	165.17
[illegible]	7.29	7.14	7.30	7.30	7.26	7.39	6.58
[illegible]	7.80	7.95	7.78	7.80	7.85	7.70	9.54
[illegible]	132.46	135.39	132.57	132.35	133.07	130.78	158.99
[illegible]	15.98	15.09	15.19	15.19	15.18	15.15	14.76

BASE LENDING RATES

...h Banks Ltd. 14 %
...Express Bank 14 %
...guese Bank 14 %
...sbacher 14½%
Bilbao ...... 14 %
...yprus .... 14 %
...S.W. .... 14 %
... Rhone S.A. 14½%
...Bank .... 14 %
...ristie Ltd. ... 15 %
...rities Ltd. ... 14½%
...oldings Ltd. 14 %
... of Mid. East 14 %
...pley 14½%
...rmanent AFI 14 %
...& C Fin. Ltd. 14 %
...water Co. Ltd. 14 %
...dings 12½%
...se Japhet ... 14 %
...tes .... 15 %
...ed Credits... 14 %
...ve Bank ......*14 %
... Securities... 14 %
...ontail .... 14 %
...es .... 15 %
...awrie .... 14 %
...st .... 14 %
...ranscont....... 14 %
...ton Secs....... 14 %
Fin. Corp.... 16 %
Secs. Ltd. ... 16 %
...bbs .... 14 %
...rrant Trust... 14 %
... Guaranty... 14 %
Bank ....‡14 %
Mahon......... 14 %
Bank .... 14 %

■ Hill Samuel ....§14 %
C. Hoare & Co. ....†14 %
Julian S. Hodge .... 15 %
Hongkong & Shanghai 14 %
Industrial Bank of Scot. 14 %
Keyser Ullmann .... 14 %
Knowsley & Co. Ltd. ... 15½%
Lloyds Bank .... 14 %
London & European ... 14½%
London Mercantile ... 14 %
Midland Bank .... 14 %
■ Samuel Montagu ...... 14 %
■ Morgan Grenfell ...... 14 %
National Westminster 14 %
Norwich General Trust 14 %
P. S. Refson & Co. ... 14 %
Rossminster Accept'cs. 14 %
Royal Bk. Canada Trust 14 %
Schlesinger Limited ... 14 %
E. S. Schwab .... 15 %
Security Trust Co. Ltd. 15 %
Shenley Trust .... 16 %
Standard Chartered ... 14 %
Trade Development Bk. 14 %
Twentieth Century Bk. 15 %
United Bank of Kuwait 14 %
Whiteaway Laidlaw ... 14½%
Williams & Glyn's ...... 14 %
Yorkshire Bank .... 14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11% up to £25,000 11½% and over £25,000 11½%.
§ Demand deposits 12%.
‡ Call deposits over £1,000 11%.

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

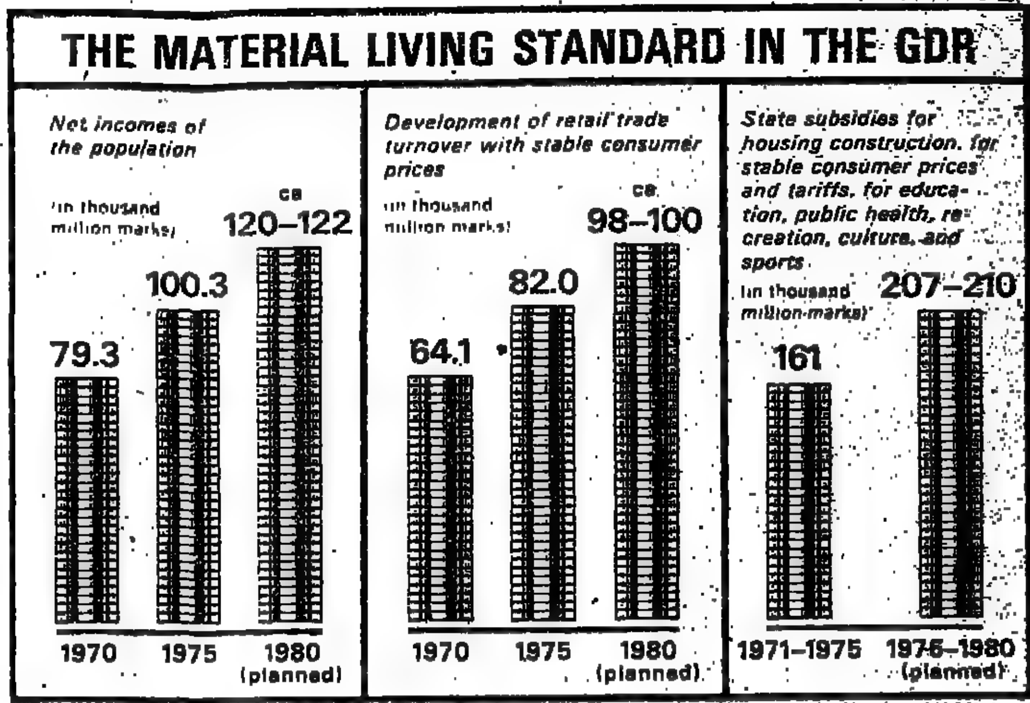
[illegible]

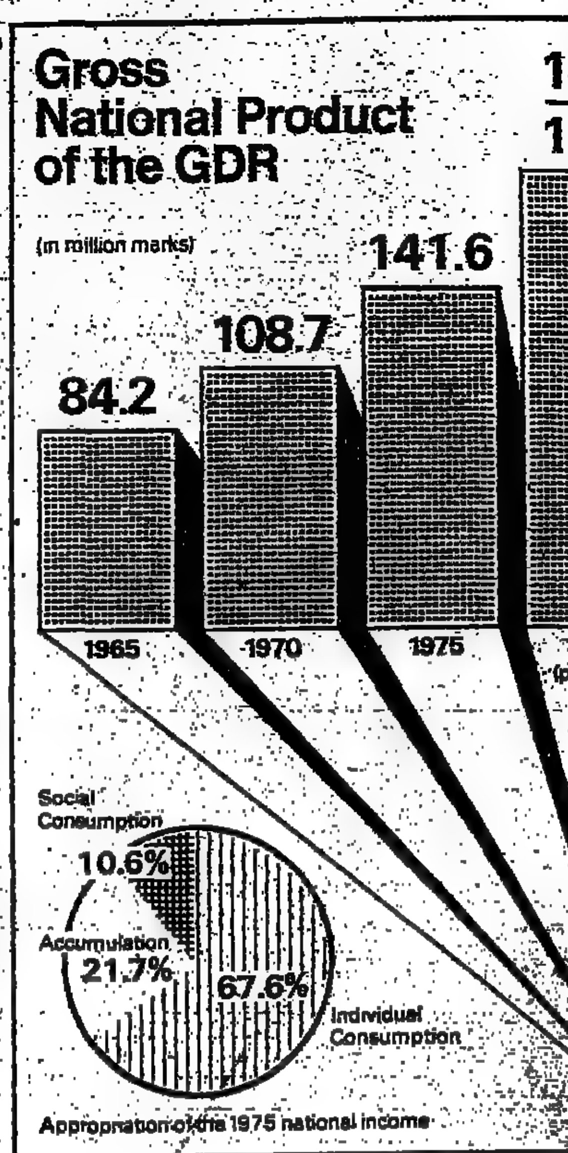
ADVERTISEMENT

GDR Trade and Industry

GDR– a reliable trading partner

An optimistic programme of Economic and Social Policy





Economic development in the GDR continues to progress with stability in 1976. According to the recently published official statistics for the first seven months of this year, 58.3% of the annual target for industrial goods production was achieved by the end of July. This was 14 working days or 1.1 thousand million marks (£1 = 4.25 GDR marks) ahead of the planned figure. This figure has been reached in spite of the holiday season and production losses caused by the long hot summer.

Industrial goods production increased by 6.2% compared with the first seven months of 1975.

These figures are regarded as justification of the economic and social policy decided upon in May this year at the Ninth Congress of the Socialist Unity Party of Germany (SED), the leading political force in the GDR. This policy sets ambitious aims for the period 1976-1980. SED General Secretary Erich Honecker stated at the Party Congress: "The central policy of the SED will remain the consistent fulfilment of the main objective, that is to continue raising the people's material and cultural standard of living on the basis of a rapid development of socialist production, greater efficiency, scientific and technological progress and increasing labour productivity."

National income increased by 30.1% in the 1971-1975 Five-Year Plan period, and the current Five-Year Plan period once again provides for an increase of 30% by 1980. The overall increase is to total about 200 thousand million marks in this period, compared with 145.5 thousand million marks over the past five years. Industrial goods production is to be upped by 34 to 36%; this is the same growth rate as in the past five years. Investments are to increase by 25% by 1980. A total of 33% of these will go to the expansion of power and raw material resources. Lignite mining production will be increased by 35 million tons, power station capacity by 5,000 megawatts and output in the chemical industry by 50%; this will provide the basis for a steady increase of production in other branches of the economy.

The highest growth rates are planned in the industries producing consumer goods. By 1980 goods worth 736 thousand million marks are to be produced for the consumers' needs, 156 thousand million marks more than in the 1971-1975 Five-Year Plan period. In agriculture, total crop production is to rise by 20% over the average figure for 1971-1975. Higher yields in agriculture will be achieved mainly by a further division of labour between crop and livestock production (there is an increasing switchover to co-operative units comprising several agricultural production cooperatives and state farms which specialise in livestock farming or crop production), by industrialised production methods and improved fertilisation.

Labour productivity in the economy as a whole is to increase by 30% by 1980. This will ensure between 85 and 90% of the planned growth rate in national income. This can only be achieved by steady and planned promotion and application of science and technology, which will receive a total of 35 thousand million marks in the current Five-Year Plan period. These measures must also make work easier, the Socialist Unity Party stresses.

The GDR's national economy will be interlinked more closely with the economies of the other CMEA countries, which have coordinated their Five-Year Plans for the first time. Economic co-operation with the capitalist countries and the third world countries will also be extended to mutual advantage.

All this is being done for one purpose, that is, to improve the living conditions of the workers. "Good work for society" Erich Honecker said, "creates the conditions to fulfill our great socio-political plans." Only recently have people in the GDR learnt what he meant by this. According to a joint decision by the SED, the GDR Government and the trade unions minimum wages were upped by 15% from October 1st, while consumer goods prices remain stable. This affected one million of the eight million workers in the GDR.

Another 1.5 million workers will receive higher minimum wages by 1980. Old-age and disability pensions will be upped by between 15 and 25% from December 1st; pensions were increased by a total of 40% in the past five years.

Maternity leave on full pay was extended from 18 to 26 weeks in May. After the birth of their second child, working mothers are entitled to one year's paid leave. Working hours will be gradually reduced and annual holidays extended for all working people.

All this is included in a large-scale social policy programme which has no precedent in the history of the GDR.

This programme envisages a final solution of the housing problem by 1990. By 1980 alone, a total of 2.2 million of the 17 million GDR inhabitants will receive new flats. Net money income is expected to increase by 20 to 22%, while the stability of prices is guaranteed by law. Everybody in the GDR enjoys a considerable "invisible income" provided from public funds. These funds, which totalled 161 thousand million marks between 1971 and 1975, are expected to be between 207 and 210 thousand million marks between 1976 and 1980. They cover the expenditure on education, culture, sport, health and so on. For a family of four this is a subsidy of nearly 10,000 marks per year (the average monthly income of a worker is 860 marks).

Today every second GDR citizen spends his holidays away from home. The trade unions will supply very cheap accommodation for 3.1 to 3.3 million people annually in their holiday homes including plenty of accommodation for large families.

Ten-year schooling for all was introduced in the past five years. A total of 99% of the boys and girls who left school this year started an apprenticeship or some form of further education. About one million young people will have been trained as skilled workers by 1980, and 250,000 will study at university, college or technical school. And jobs will continue to be secure with no unemployment whatsoever.

Mutually beneficial relations between the GDR & Great Brita

Today there is good reason for claiming that relations between the German Democratic Republic and the United Kingdom are developing to mutual advantage. This is proved by the visit to London of GDR's Foreign Minister Oskar Fischer at the beginning of September 1976 and its positive results including the exchange of instruments of ratification of a consular convention.

The GDR learned with satisfaction that on the occasion of this visit the British Foreign Secretary, Anthony Crosland, reaffirmed: "Since the establishment of diplomatic relations in 1973, Her Majesty's Government has worked continuously to create the right framework for Great Britain's relations with the GDR. Much has been achieved, because both our governments have shown a sound and matter-of-fact approach. The various agreements which have been signed testify to this. Hitherto they have covered economic, industrial, scientific and technological co-operation, road transport and recently, consular convention."

Quite a number of other facts testify to the development of good relations between our two countries. In 1973, a government agreement on economic, industrial and scientific-technological co-operation was concluded, followed by an agreement on International Road Traffic and a consular convention with regulations customary in international law.

The economic ties, which can certainly be expanded are based on the internationally recognised principles of equality and mutual advantage and aim at promoting long-term co-operation. The joint government commission has established joint working programmes with ever greater success.

The last meeting of the joint government commission took place in London ten days ago. This third meeting of the joint government commission discussed ways and means of providing further stimulus to trade and technological and scientific co-operation between the two countries, for which the GDR considers the present time as being extremely favourable.

It was confirmed that the working programme of the GDR-British Joint Commission is a basis for increased trade and co-operation between the two countries. The economic structure and potentials of both countries offer possibilities for further growth in mutual trade.

Exchange of goods has developed positively. U.K. imports, for instance, rose between September 1975 and September 1976 from £28.3m. to £38.3m. and U.K. exports from £24.1m. to £34.5m. One cannot but notice that the GDR share of the U.K. trade turnover at present only comes to 0.5 per cent. This figure shows the necessity of increasing the trade turnover between the two countries to their mutual benefit.

The industry of the GDR, especially the engineering sector, is interested in promoting favourable conditions for a significant increase in supplies to Great Britain. On the other hand the GDR is prepared to consider imports of plant, steel products, highly sophisticated machine tools, textiles and shoe-making machinery, drive shafts, fittings, chemical products, textile fibres, clothing and whisky.

The trade in licences between the two countries is the most important side of the co-operation in the field of science and technology.

The British attendance at Leipzig Fairs was greater in the last two years than ever before and so was the exchange of trade delegations. For instance a five-day visit to the GDR by a mission of the London Chamber takes place from the 22nd to 26th November 1976.

It goes without saying that the commercial links between the GDR and the United Kingdom are gradually increasing. In the present situation the GDR supports all proposals for a constructive exchange of ideas at the highest governmental level in the field of trade as well as industry.

The announced visit by the Rt. Hon. Edmund Dell, Secretary of State for Trade, to the GDR in 1977 will without doubt provide new impetus for the rapid expansion of mutual exchange of goods and the development of technological and scientific co-operation between the GDR and Great Britain. It is also hoped to devise a system of consultation.

The talks of the joint governmental commission and the visit of Mr. Dell to the GDR will certainly prove that the level of trade reached between the two countries does not yet correspond to the possibilities offered by their industrial potential.

GDR Foreign Minister, Oskar Fischer and his British counterpart, Anthony Crosland in London on September 6th, 1976.

Many roads lead to the consumer

...lead to the consumer, ...end-use possibilities and ...lication of our products ...s and varied. From the ...ir product range we ... to you the montan ...NTA. ...A is a very hard wax of ...tructure. It is soluble ...oderate heating in most ...ents. ROMONTA has ...flow qualities, good electrical insulating properties, as well as excellent chemical stability, and gives a high gloss when polished. The addition of ROMONTA to bitumen for road making or to blended bitumens considerably increases the adhesion capacity, even when heated for a whole day up to 150° Centigrade. ROMONTA also improves the adhesion and resistance to water and damp of bituminous paints, roofing felts and the like. Used as an additive in the Rubber Industry it promotes diffusion of polarised and non-polarised filler materials and greatly increases the consistency of the batch. In the Plastic and Metal Industries it has proved itself as an excellent flow and release medium. Please contact us for further information. The GDR chemical industry - backed by generations of experience.

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Dynamic Growth of the GDR Chemical Industry

GDR Trade and Industry

The Chemical Industry, an important branch of the national economy of the German Democratic Republic, has developed continuously over the past years. The workforce of over 300,000 people and the products manufactured remarkably influence labour productivity in the entire economy of the GDR.

The share of over 16 per cent. in industrial goods production proves the importance of this branch. A large and steady increase in efficiency is demonstrated by the fact that since 1972 productivity growth rates of between 8 and 9.5 per cent. have been achieved annually. Last year the GDR chemical industry produced as much in six weeks as in the whole of 1950.

Investments have been increased considerably during the last few years. Last year they amounted to 3.5 thousand million marks compared with some 1.5 thousand million marks in 1960.

The petro-chemical industry especially has expanded over the past few years. This has been based on the ever-growing deliveries of Soviet oil through the "friendship" pipeline. Oil-processing rose from 10.6 million tons in 1970 to over 17 million tons in 1975.

With chemical processing of crude oil—in 1975 it was over 7.5 per cent.—a precedent has been created to expand the production of plastics, chemical fibres and fertilizers. Within the last four years per capita consumption of plastics, for instance, rose from 23 kg to 38 kg.

In the next few years this branch of industry will develop dynamically. The industrial goods production of the GDR chemical industry will be increased by 144 to 146 per cent. from 1978 to 1980. Thus it is 10 per cent. above the average of all branches of industry. This fact shows the great importance of the chemical industry within the framework of the entire national economy.

Fruitful Co-operation in CMEA

An essential cause of the rapid growth of the GDR chemical industry lies in the long-term co-operation with the Soviet Union and the other countries of the Council for Mutual Economic Assistance. The already mentioned comprehensive deliveries of natural gas and oil from the USSR are of the utmost importance to a further increase in the efficiency of the GDR's national economy.

Important investments have recently led to a continuous expansion of chemical supply. The new Olefine complex in Boehlen near Leipzig, for instance, produces ethylene and propylene from Soviet oil, of which a large amount is processed in Zaluzi in Czechoslovakia to produce important plastic raw materials.

In Piesteritz, a new nitrogen plant has been built. Its production allowed an increase in the use of nitrogen fertiliser in agriculture from 81 kg/ha of arable land in 1970 to 108 kg/ha in 1975.

One of the latest and most interesting examples of the co-operation between the GDR and the USSR is the putting into operation of the *Polymir 50* high pressure polyethylene plant in the Soviet town of Novopolozk. This plant works according to a completely new technique developed by specialists from both countries. The annual production capacity amounts to over 50.000 tons of polyethylene. Another plant of this kind with higher capacity is being set up at present at the Leuna works in the GDR.

Experts from the GDR and the USSR have also developed a highly effective technique for the production of polyester fibre material. The GDR has supplied the complete chemical part for the first plant of this kind, built in Mogilyev in the USSR.

A total of 28 government agreements and more than 20 specialisation and co-operation agreements form the secure basis for continuous improvement of the supply of chemical products for the home market and for export.

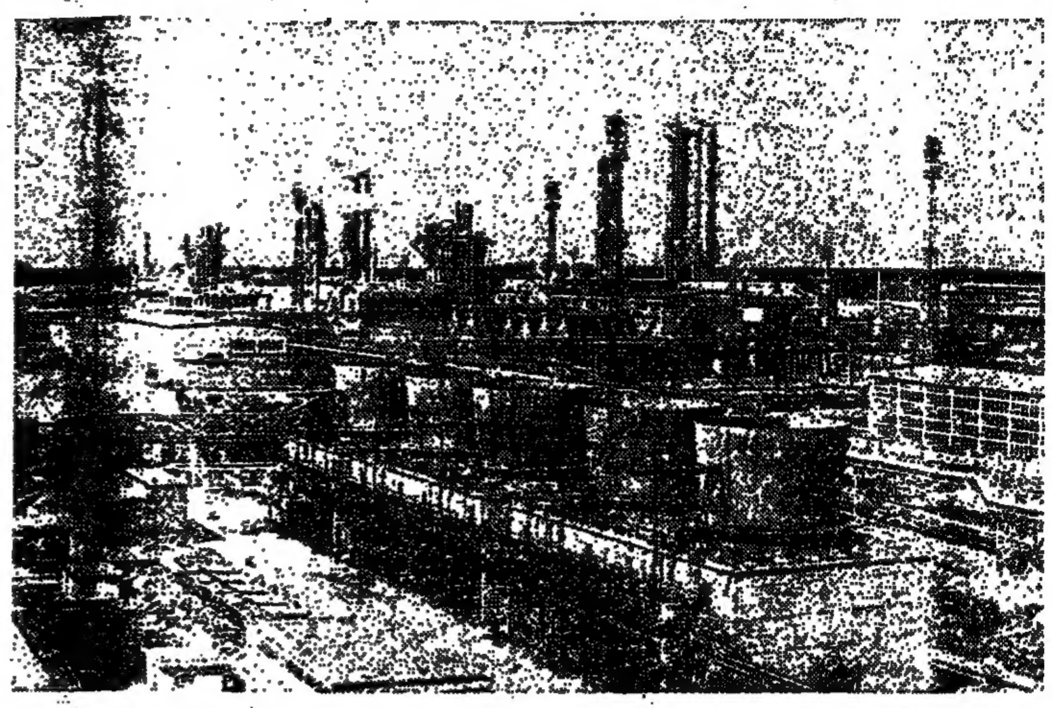
Compared with the volume achieved in the period 1971 to 1975 the long-term agreements until 1980 provide for a more than two-fold increase in GDR exports to the other CMEA member-countries and an increase in imports by over 75 per cent. It is also planned to conclude more treaties on specialisation and co-operation, for instance within the framework of the 'Interchim' international industrial branch organisation.

Extension of Commercial Relations

Via the Chemie-Export-Import foreign trade enterprise, products of the chemical industry are delivered to some 100 countries. Many commercial agents, sale and supply organisations and technical service offices represent the interests of the GDR's chemical industry abroad.

Commercial relations with many firms in western Europe have developed successfully. The partners of Chemie-Export-Import include the largest French chemical firm, Rhone-Poulence, as well as the firms of Kleber - Columbes, Procida, Produits, Chimiques Ugino Kuhlmann, Nobel-Hoechst, CdF-Chimie and ATO. A co-operation agreement has also been concluded with one of the largest international chemical groups, MONTEDISON S.p.A. of Italy.

Within the next few years trade is to be stepped up with a number of firms in West European industrial countries, for instance in France, Italy, Great Britain, Austria, Finland and the Federal Republic of Germany. The agreements aim at furthering goods exchange and developing mutually advantageous relations in scientific-technological co-operation and licensing.



One of the most important investment projects of the last few years: the Piesteritz nitrogen plant. It has been built in co-operation with several CMEA member-countries.

The Machine Tool Industry of the German Democratic Republic

...ool industry of ...emocratic ...W Export-Import, ...ses over 60 ...research ...oying in total ...people. It is one ...mportant ...tributing to the ...omy of the GDR, ...th regard to

...in the world in ...ine tool ...d fourth in terms ...ol exports, WMW ...e than 200,000 ... thoughout the ... past twenty

...ents in research ...ent, and in ...large batch ...ant, have enabled ...o achieve an above-average growth rate to the extent that WMW quality and competitiveness, through high production, has established the GDR as a major international machine tool supplier.

For example, over 400 horizontal boring, drilling and milling machines, 250 gear cutting machines, and 100 internal cylindrical grinding machines from WMW are installed in Japanese enterprises alone. One out of twelve gear cutting machines imported by Italy is made in the GDR, as are 10% of all gear cutting machines imported into France.

As far as the UK is concerned, more than 10,000 WMW machine tools have been sold during the last twenty years. One in every four horizontal boring machines, and 20% of all cylindrical production grinders in use in the UK are of GDR manufacture.

The WMW office in Britain, Wemex Ltd., is situated in 93/97, New Cavendish Street, London W.1. The function of this office is to provide technical back-up in the UK, and to liaise between the various factories in the GDR and three appointed UK sales and service agencies.

These agencies are:

Erfurt Machinery Ltd., the W. E. Norton subsidiary at Sheffield, who handle all GDR metal-forming and grinding machines.

Rembrandt Machine Tools Ltd., Watford, who are sole UK agents for all WMW turning machines.

William Watts Ltd., Nottingham, who market in the UK all WMW milling, drilling, boring and gear cutting machines.

...rd Paul, (centre right) Deputy Director ... WMW and Head of the Import Department, ...eciprocal trade with the UK by visiting the British machine tool manufacturer at MACH ...rnational Exhibition of Machine Tools, ...m, England, in October 1976.

TEXTIMA—A recognised Seal of Quality

Products with the trademark TEXTIMA and POLYGRAPH are in great demand in many countries. They are sold by the UNITECHNA Foreign Trade Company Ltd., which is in charge of the export and import of textile and printing plant machinery. GDR export of textile machines has increased twelve-fold and of printing machinery 21 fold in the past 25 years.

Tradition and Progress

The textile machine industry of the GDR has a great tradition. The factories which had been destroyed during the Second World War were subsequently rebuilt in a short period. The workers played an important part in the reconstruction of the light industry.

They built new factories for the production and processing of chemical fibres. The big textile factories in Schwarza/Rudolstadt, Premnitz and Wilhelm-Pieck-Stadt Guben (all producing man-made fibres) and the textile factory in Cottbus, which are especially important in the GDR's economic upsurge, received modern production facilities.

A number of cotton mills were extended or newly built, including the modern 100,000-spindle mill in Leinefelde, once an underdeveloped area.

Apart from the design and construction of machinery and equipment, new production methods were developed which are to-day characteristic of the production of the Association of Nationally-Owned Textile Factories, Textima, in Karl-Marx-Stadt. An important breakthrough in textile production was made in the GDR with the invention of a new technique called MALIMO. This technique has had an impact on textile making in many countries.

Today, more than 700 MALIMO machines are in operation in many different countries. They can produce 350 million square metres of fabric annually.

More and more textiles are being made by this chain-stitch technique. The great variety of textiles made on MALIMO machines shows that GDR textile machine manufacturers have an important share in technical progress.

Integration provides bigger opportunities

As with the other industries of the GDR there is also increasing integration with other socialist countries in textile engineering.

The "Intertextilmash" association of the CMEA textile machine manufacturers co-ordinates the production programmes of its members. The value of this lies in the opportunities it offers to combine scientific potential and produce what is needed economically. Each of the member countries has its specific role in the field where its technical standard and experience guarantee the best possible output, productivity and quality. The Soviet Union, for instance, supplies all other CMEA countries with shuttle looms with grippers. Czechoslovakia designs and makes spinning machines and small knitting machines, and the GDR the big circular knitting and other knitting machines. Being the country with the greatest experience, the GDR developed the knitting machine "Liropol" which ensures a 100 per cent. increase in labour productivity. As a result of specialisation and co-operation the GDR was able to reduce the basic assortment of machines from 1,000 to 150. This has made it possible to make special machines in bigger numbers, and to improve conditions for the export of efficient textile machines to capitalist countries, too.

GDR textile machines in many countries

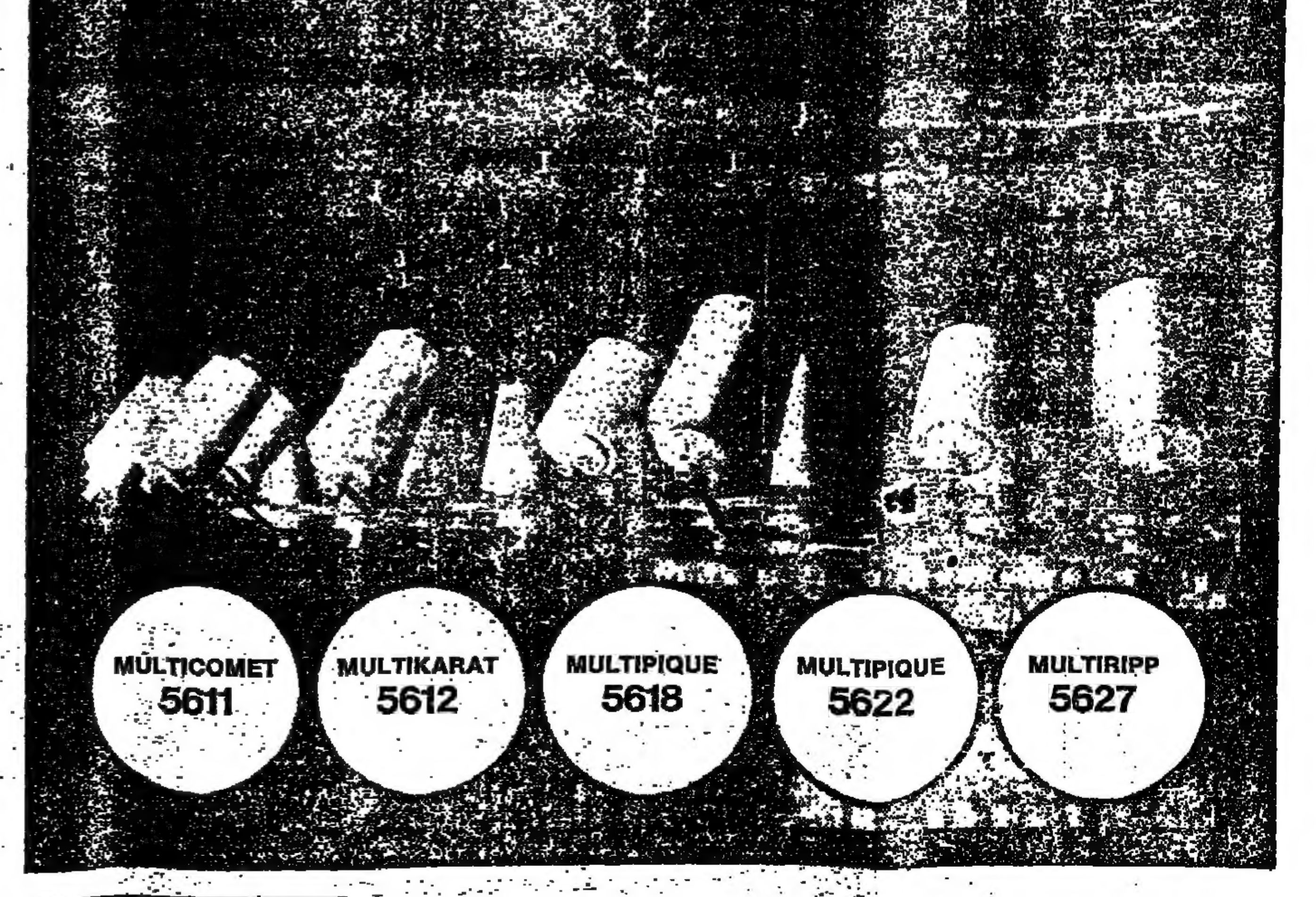
VEB TEXTIMAPROJECT in Karl-Marx-Stadt, a nationally owned firm specialising in the production of plant, has exported more than 150 plants to countries in all parts of the world in the 20 years of its existence. These plants include cotton mills, knitting factories, weaving mills, complete textile combines, chemical fibre plant and textile cleaning plant.

One of the biggest cotton mills in South East Asia was built by the GDR in Tulbirija in Sri Lanka. Similar factories were supplied by the GDR to the Soviet Union and other socialist countries, India, Indonesia and Brazil.

MALIMO textile machines are in use in the Soviet Union, Poland, Bulgaria, Britain, France, the FRG, Japan and the USA. There are many good references to their high quality. J. O. Hudson, Manager of Kennedy Wagstaff Ltd. in Leicester, for instance, stated: "The success with MALIMO in Britain is a result of the high productivity of the machines. Our customers have seen for themselves that the basic mechanical concept of the MALIMO sewing and knitting machines and the general construction demonstrate in many ways the high-quality work of the GDR manufacturers."

Highest demands will be satisfied...

by the knitted fabrics produced on our well-proven circular knitting machines from which outerwear and underwear, technical and other textile fabrics are made. These machines are noted for their high productivity and versatile patterning possibilities.



TEXTIMA

MULTICOMET Model 5611
The Multicomet is a machine producing large repeat fabrics used for outwear. Patterning possibilities: 2, 3, and 4-colour Jacquard patterning with striped or bird's eye backing; 1- or multi-coloured Jacquard patterned relief stitch and lace stitch effects (all usual weave-knit structures); 1:1 rib crossed (interlock) unpatterned or patterned in tuck stitch and floats.

MULTIKARAT Model 5612
Small repeat fabrics are produced by this machine. Patterning possibilities and fields of application correspond to those of model MULTICOMET.

MULTIPIQUE Model 5618
This machine is suited for numerous kinds of knitted fabrics especially used for ladies', mens' and children's outerwear as well as leisure wear. It is especially suitable for pique structures and offers numerous patterning possibilities.

MULTIPIQUE Model 5622
A high-performance machine for pique structures for outerwear and underwear and printed fabrics. The cam construction permits a quick change to other structures.

MULTIRIPP Model 5627
This machine is designed for the manufacture of underwear but can also be used to produce knitted fabrics for outerwear.

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Deutsche Demokratische Republik

...lastic and Elastic Processing Machines from the GDR with many varied applications

...onal economy of the ...mocratic Republic, ... elastic processing ...nufacture is one of ... industrial branches. ... foundation in 1965, ... technicians and ...ers in the individual ... have through the ... their work made ... elastic processing ...n export article in ...d.

...ew years have been ... continuous develop... ciency and capacity. ... VEB Plast—und ...eitungsmaschinen ...Karl-Marx-Stadt plays ...t role in the national ...e to its ever increas... of highly-productive ...nd plant.

...ine known under the TRUSIOMA is at the ...a partner with ever... ...ports to the socialist ... West European and ...untries.

...35 machines, equipment and complete lines for plastic and elastic processing have been exported to some 50 countries. 11,000 injection machines alone have left the workshops of the individual enterprises within this period.

The growing rise in efficiency becomes evident amongst other ways in the production of extrusion machines, where an increase of more than 700 per cent. has been reached in the last five years.

The supply capacity of the combine is continuously expanded by business modernisation and the putting into operation of new production methods.

The large number of new developments and improvements which the enterprises of the combine annually demonstrate at international fairs and exhibitions, shows the constant effort to offer through the entire programme first-class scientific and technological products. In addition to the permanent extension of the machine building programme by new developments and improvements in current series machines, the employees are constantly seeking ways to increase the uses of the machines, the efficiency levels and economy of materials.

To-day's high scientific and technological standard of machinery is also a result of the close co-operation between the raw material producers, the combine and the customers, and of improving co-operation between scientific research institutions and the Karl-Marx-Stadt combine.

Due to their high level of development, six products of the combine, among them four injection machines, have been awarded the gold medal of the Leipzig Fair within the last few years.

Increasing Exports

Products with the trade mark TRUSIOMA prove their worth in important industrial companies at home and abroad.

Ninety per cent. of the total exports by the combine of injection machines are carried out with partners in the other socialist countries. Supplies will continue to increase within the next few years. This complies with the decisions of the Council for Mutual Economic Assistance and is based on a multilateral specialisation and co-operation treaty between the CMEA member-countries. But exports to other countries, too, show an upward trend. Thanks to many advantages for the user—a balanced manufacturing programme, a strong sales organisation with representations in all important export countries, a comprehensive service — plastic processing machines with the TRUSIOMA mark have become a recognised name in many countries. This applies to enterprises in Great Britain, Scandinavia, and other West European countries as well as to North African states, India and Mexico.

The fact that during the last eight years it has been possible to treble exports also testifies to the ever-growing delivery capability of the Karl-Marx-Stadt combine.

Sponsored and Written by Interwerbung-GDR

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
14J	14D	Treasury 10½pc 1976‡‡	99	6.11	10.55	13.96
10S	10M	Treasury 6¾pc 1977‡‡	98	4.8	6.38	15.20
15S	15M	Electric 3pc '74-77	97½	4.8	3.08	11.33
26M	26S	Treasury 11½pc '77‡‡	98⅝	20.8	11.66	13.58
15M	15N	Treasury 3pc '77‡‡	94½	11.10	3.19	9.40
20J	20D	Transport 4pc '72-77	94xd	15.11	4.23	9.45
15S	15M	Treasury 9pc 1978‡‡	95	9.8	9.44	12.92
14J	14Ju	Treasury 10½pc '78‡‡	95	7.6	10.97	13.46
26M	26S	Exch 5p '76-78	90	20.8	5.51	10.63
9S	9M	Treasury 11½pc '79‡‡	94	3.8	12.11	14.13
9S	9M	Treas. 11½pc '79 'A'‡‡	94	—	12.12	14.16
17M	17S	Treasury 3pc '79‡‡	83	11.8	3.58	9.67
26M	26S	Electric 4¼pc '74-79	84	20.8	5.01	10.52
1M	1N	Treasury 10½pc '79‡‡	91	27.9	11.48	14.13
15M	15N	Electric 3½pc '76-79	83⅞	11.10	4.17	9.87
3S	3M	Treasury 9pc 1980‡‡	87	28.7	10.34	14.07
14N	14M	Treasury 9½pc '80‡‡	87½	8.10	10.86	14.19
15D	15J	Treasury 3½pc '77-80	79½xd	8.11	4.39	10.47

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Over Fifteen Years

Undated

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Conversion factor 0.7022 (0.7105)

CANADIANS

S.E. List Premium 42⅝% (based on $1.6563 per £)

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INDUSTRIALS—Continued

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TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Jan. July	Kulim 50c	27	28.6	†Q29%	0.8	9.6
Jan. June	Ldn. Asiatic 10p	63	17.5	♦2.3	2.3	5.6
October	Ldn. Sumatra	42	9.8	1.21	2.7	4.4
—	Malakoff M$1	36	—	Z05%	—	—
May Nov.	Malayalam 10p	9½	1.11	1.46	1.2	23.7
November	Muar River 10p	47xd	15.11	1.55	ϕ	5.1
Nov. May	Pataling 10p	62	4.10	♦†2.23	1.5	5.5
Feb. Aug.	Plantation Hldgs. 10p	33	1.11	†1.77	1.5	8.3
March	Sungei Krian £1	£10	8.3	32.31	1.7	5.0

TEAS

India and Bangladesh

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
December	Assam Dooars £1	124	4.10	8.51	2.7	10.6
January	Assam Frontier £1	146xd	15.11	7.86	ϕ	8.3
Sept.	Assam Invs. £1	47	9.8	3.3	3.0	10.8
May Dec.	British Indian £1	160	5.4	5.0	2.0	4.8
—	Empire Plants 10p	6	12.12	0.65	2.3	18.2
November	Jokai £1	130	11.75	7.15	4.6	8.5
January	Longbourne £1	86xd	15.11	3.85	ϕ	6.9
November	McLeod Russell £1	124	4.10	6.46	3.9	8.0
Apr. Dec.	Moran £1	120	20.4	†5.76	6.1	7.4
January	Singlo Hldgs. 10p	7½	12.12	0.78	1.8	18.5
Apr. July	Warren Plants	91	14.6	†7.8	3.1	13.2
September	Williamson £1	75	23.8	4.95	3.1	10.2

Sri Lanka

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
September	Lunuva £1	59	6.9	3.25	0.9	8.5

Africa

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May Nov.	Bandanga Hldgs.	34	4.10	g3.48	1.9	15.8
July	Blantyre £1	185	28.6	15.27	1.7	12.7
Apr. Jan.	Ruo Estates	46	5.4	4.22	ϕ	14.1

MINES

CENTRAL RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Aug. Feb.	Durban Deep R1	350	6.75	‡Q20c	5.5	‡
Aug. Feb.	East Rand Prp. R1	260	28.6	‡Q25c	5.1	‡
August	Randfont'n Est. R2	£23	28.6	ZQ100c	—	3.1
Aug. Feb.	West Rand R1	160	14.6	Q10c	2.2	4.5

EASTERN RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May Nov.	Bracken R1	108	20.9	Q25c	ϕ	16.7
—	East Dagga R1	10	12.74	—	—	—
—	Govnmt. Areas 5c	140#	—	—	—	—
Aug. Feb.	Grootvlei 30c	90	28.6	‡Q20c	1.5	‡
May Nov.	Kinross R1	255	20.9	Q32c	ϕ	9.1
May Nov.	Leslie 70c	40	5.4	Q9c	ϕ	16.3
Aug. Feb.	Marievale R0.50	84	28.6	‡Q42c	1.4	‡
Aug. Feb.	S. African Ld. 35c	58	28.6	‡Q30c	2.8	‡
Aug. Feb.	Vlakfontein R1	52	28.6	‡Q20c	1.2	‡
May Nov.	Winkelhaak R0	485	20.9	Q76c	ϕ	11.3
—	Wit. Nigel 25c	28	8.74	—	—	—

MINES—Continued

FAR WEST RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb. Aug.	Blyvoor 25	390	28.6	Q75c	1.6	13.9
Feb. Aug.	Buffels R1	730	14.6	Q125c	1.6	12.4
—	Deelkraal R0.20	96	13.12	—	—	—
Feb. Aug.	Doornfontein R1	280	28.6	Q55c	2.2	14.2
Aug. Feb.	East Drie R1	680	28.6	Q75c	1.7	8.0
—	Elandsrand Gld. 20c	175	—	—	—	—
Feb. Aug.	Elsburg R1	110	28.6	‡Q33.8c	1.0	‡
Feb. Aug.	Hartebeest R1	£10½	28.6	Q190c	1.3	13.1
Feb. Aug.	Kloof Gold R1	480	28.6	Q47c	1.5	7.1
Feb. Aug.	Libanon R1	320	28.6	Q80c	2.0	18.1
February	Southvaal 50c	385	29.12	Q8c	1.3	1.5
Aug. Feb.	Stilfontein 50c	160	14.6	‡Q36c	2.2	‡
Aug. Feb.	Vaal Reefs 50c	£11½	28.6	‡Q175c	2.1	‡
Feb. Aug.	Venterspost R1	170	28.6	Q25c	3.6	10.6
Feb. Aug.	W. Drie R1	£20¾	28.6	Q535c	1.5	11.6
Dec. Aug.	Western Areas R1	180	28.6	‡Q52c	1.4	‡
Feb. Aug.	Western Deep R2	830	28.6	‡Q147c	1.6	‡
Feb. Aug.	Zandpan R1	187	22.6	Q31¼c	1.0	12.1

O.F.S.

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept. Feb.	Free State Dev. 50c	120	9.8	Q9c	0.6	5.4
May Nov.	F.S. Geduld 50c	£11½	20.9	Q200c	ϕ	12.6
November	F.S. Saaiplaas R1	94	9.75	6c	2.6	4.6
May Oct.	Harmony 50c	310	22.3	‡Q65c	1.9	‡
Nov.	Loraine R1	90	9.75	Q6c	0.5	4.8
May Nov.	Pres. Brand 50c	£10	20.9	Q170c	ϕ	12.3
May Nov.	Pres. Steyn 50c	740	20.9	Q45c	ϕ	4.4
May Nov.	St. Helena R1	£12¾	20.9	Q170c	ϕ	10.0
—	Unisel	127	—	—	—	—
May Nov.	Welkom 50c	200	20.9	Q15c	ϕ	5.4
May Nov.	W. Holdings 50c	£15¼	20.9	Q310c	ϕ	14.7

FINANCE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Apr. Sept.	Ang. Am. Coal 50c	425	18.10	MQ38c	2.8	6.5
May Nov.	Ang. Amer. 10c	245	18.10	Q33c	1.9	9.7
Mar. Aug.	Ang. Am. Gold R1	£15⅞	28.6	‡Q260c	1.3	‡
Feb. Aug.	Ang-Vaal 50c	925	28.6	Q105c	3.3	8.4
Jan. July	Charter Cons.	130	14.6	†6.76	2.4	8.2
Nov. July	Cons. Gold Fields	156	18.10	7.37	2.1	7.3
July May	East Rand Con. 10p	16	22.3	1.0	2.2	9.6
Mar. Sept.	Geduld Inv. R1	240	1.11	Q40c	1.5	12.1
Oct. May	Gen. Mining R2	£14¼	20.9	Q210c	2.1	10.7
May Sept.	Gold Fields S.A. 25c	£12¼	23.8	Q155c	1.2	9.2
Jan. Oct.	Jo'burg Cons. R2	£14¾	6.9	Q170c	2.2	8.3
Aug. Feb.	Middle Wit 25c	215	28.6	Q35c	1.2	11.8
Mar. Oct.	Minorco SBD1.40	163	8.9	Q2c	0.7	0.8
May Sept.	New Wit 50c	98	23.8	Q15c	1.0	13.5
October	Patino NV Fls.5	£13½	11.75	QC65c	0.8	3.1
July Dec.	Rand Selection 50c	440	28.6	Q65c	ϕ	‡
Jan. July	Selection Trust	397	28.6	15.2	1.5	6.0
Aug. Mar.	Sentrust 10c	150	14.6	Q30c	1.4	14.5
Dec. July	Silvermines 2½p	36	1.11	3.0	1.6	12.8
July Jan.	T'vaal Cons. Ld. R1	975	1.6	Q75c	ϕ	5.7
Mar. Sept.	U.C. Invest R1	155	9.8	‡Q36c	1.0	‡
May Nov.	Union Corpn. 6.25c	245	20.9	†Q36c	1.4	10.6
Sept. Mar.	Vogels 2½c	72	23.8	†Q6½c	1.2	6.5

DIAMOND AND PLATINUM

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Anglo-Am. Inv. 50c	£20	20.9	†Q244c	1.6	8.8
Apr. July	Bishopsgate Pt. 10c	76	6.9	†Q8c	ϕ	7.7
May Nov.	De Beers Df. 5c	205	20.9	Q28c	2.2	10.0
Jan. Aug.	Do. 40pc Pf. R5	950	1.6	Q200c	128.0	15.2
Nov. May	Lydenburg 12½c	76	18.10	Q7.2c	ϕ	6.9
Nov. May	Rus. Plat. 10c	102	18.10	gQ5c	—	3.5

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Coronation 25c	68	20.9	‡Q34c	2.1	‡
Nov. May	Falcon Rh. 50c	103	20.9	Q35c	ϕ	—
March	Rhod'n Corp. 16⅔p	14	8.3	0.56	6.0	6.1
J. M. Ju. O.	Roan Cons. K4	130	12.74	—	—	—
Nov. July	Tanganyika 50p	152xd	15.11	Q10.0	0.8	6.6
Jan. July	Do. Pref. 80p	70	28.6	Q9	10.2	10.7
Nov. June	Wankie Col. Rh.1	44	4.10	Q7½c	ϕ	12.3
Au. N. Ag.	Zam. Cpr. SBD0.24	16	11.74	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	22	—	—	—	—
May Nov.	A. M. and S. 50c	240	15.3	♦†Q7c	1.5	2.3
Nov. Apr.	Bougainville 50 Toea	123	15.3	Q10c	ϕ	6.4
—	BH South 50c	108	9.74	—	—	—
—	G.M. Kalgoorlie $1	20	6.67	—	—	—
September	Hamptn Areas 5p	78	26.7	1.3	5.0	2.6
—	Metals Ex. 50c	30	—	—	—	—
—	Metramar 20c	22	—	—	—	—
Oct. Apr.	M.I.M. Hldgs. 50c	202	4.10	Q4½c	2.8	1.7
—	Mount Lyell 25c	30	—	—	—	—
—	Newmetal 10c	2½	—	—	—	—
June Nov	North B. Hill 50c	101	18.10	Q9c	1.3	6.9
—	Nth. Kalgurli	6	—	—	—	—
June Nov.	Oakbridge $A1	96	26.4	Q9c	1.5	7.4
—	Pacific Copper 25c	22	—	—	—	—
—	Pancont'l 25c	825	—	—	—	—
—	Paringa M&Ex. 5p	9	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	370	22.3	Q15c	ϕ	3.2
—	Poseidon 50c	75#	—	—	—	—
—	Vulton Min. 50c	6	—	—	—	—
—	Westmex 10c	5	—	—	—	—
Oct. May	Westn. Mining 50c	148	28.9	Q5c	1.3	2.6
—	Whim Creek 20c	55	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	32	9.2	0.93	0.9	4.5
Apr. Oct.	Ayer Hitam $M1	325	25.7	23.0	ϕ	10.9
July Dec.	Beralt Tin	291½xd	15.11	24.0	2.8	20.9
Jan. July	Berjuntai $M0.25	385	25.12	Q$M1.5	ϕ	9.7
Oct. July	Ex Lands 10p	12	28.6	1.0	1.7	12.8
Apr. Oct.	Geevor	230	6.9	5.0	—	3.3
—	Gold & Base 12½p	9	10.74	—	—	—
June Dec.	Gopeng Cons.	227	1.11	†11.0	1.5	7.5
—	Hongkong	72	11.67	—	—	—
Sept. Mar.	Idris 10p	60	26.7	7.15	1.5	19.3
—	Jantar 12½p	6	7.67	—	—	—
Dec. Apr.	Kamunting 15p	36	20.10	‡7.0	1.2	‡
July Dec.	Killinghall	265	9.8	Q50.0	1.2	18.9
Dec. June	Malay Dredging	208xd	15.11	11.0	ϕ	8.1
June Dec.	♠Pahang	27#	9.75	Q2.5	ϕ	‡
Apr. June	Pengkalen 10p	48	1.11	‡7.0	1.5	‡
—	Petaling $M1	135	6.9	Q12½c	—	2.3
Jan. July	Saint Piran	40	23.8	1.25	2.5	4.8
Apr. Nov.	South Kinta (10p)	72	4.10	7.5	0.6	16.0
June Dec.	Sthn. Malayan	170xd	15.11	11.8	ϕ	10.7
July Dec.	Sungei Besi $M1	43	6.75	—	—	—
—	Sungei Way $M1	42	9.74	ZQ10	—	5.9
Sept. July	Tanjong 15p	40	26.7	4.61	0.9	17.8
Sept. Mar.	Tongkah Hrbr. $M1	42	31.1	Q16.92%	ϕ	‡
Apr. Oct.	Tronoh $M1	100	26.7	†4.29	2.0	6.6

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Botswana RST R2	44	—	—	—	—
June Dec.	Messina R0.50	170	1.6	Q45c	ϕ	20.5

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
July	Burma Mines 17½p	9	5.75	0.1	ϕ	1.8
—	Charterhall 5p	21	6.9	—	—	—
Aug. Feb.	Cons. Murch. 10c	620	28.6	†Q80c	1.8	9.3
July	Northgate C$1	330	3.75	—	—	—
Jan. June	R.T.Z.	155	1.11	g5.96	2.1	5.9
—	Sabina Inds. C$1	70	—	—	—	—
—	Tara Exptn. $1	£12¾	—	—	—	—
Nov. July	Tehidy Minerals 10p	36	4.10	†h2.08	ϕ	4.6
—	Yukon Cons. C$1	115	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- ⁎ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ⁎⁎ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES
Monday November 22 1976

New York faces another crisis

BY STEWART FLEMING

NEW YORK, Nov. 21.

NEW YORK City has this week-end been faced with a court decision which has undermined the delicate fabric of its financial plans.

Mayor Abraham Beame is planning to meet Mr. Robert A. Gerard, the U.S. Treasury Assistant Secretary, later to-day. Mr. Gerard is overseeing the city's financial plans.

A court decision on Friday overthrew a moratorium declared in 1975 on $1.6bn. of the city's short-term debt principal. It has forced the city to look for new ways to structure its finances.

City officials seem to doubt whether they can appeal the State Court's ruling to the U.S. Supreme Court, since it was made specifically in the context of State law.

The judge made it clear that because of the delicacy of the city's financial health it should be given time to raise the $1bn. which most observers feel it will need.

Observers are suggesting it could take up to three months to raise the money. Nobody seems to doubt the money will have to be found.

City officials are believed to be examining emergency measures again. These include further approaches to banks and the city's pension funds for support.

Carter aide

In the meantime Mr. Orin Kramer, a member of President-elect Jimmy Carter's transition team, has arrived in New York for talks with city officials and "to stay in touch with the situation."

The presence of Mr. Carter's aide in the city so soon after the court decision is another indication of the significance of its ruling.

Some city officials said a form of Federal support would almost certainly be needed now.

In his election speeches Mr. Carter made it clear that he saw the financial pressures facing several U.S. cities—New York in particular—as requiring some form of Federal government intervention. He also said he did not see simply throwing money at the cities as a solution.

New York might have special political leverage, however. Mayor Beame came out particularly early in support of Mr. Carter's presidential aspirations. On election day he delivered New York City heavily to Mr. Carter's cause, and with it, by a very small margin, New York state.

The timing of any resolution of New York's new problems could have an important bearing on its political significance. If early indications that it will not be until the new year that decisions have to be made are correct then the issues might face Mr Carter when he takes office. Any decisions he takes will be seen as a guide to how he wants to handle urban financial problems.

FT SURVEY OF CONSUMER CONFIDENCE

People feel worse off than at any time since 1970

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

PEOPLE are now feeling worse off than at any point since at least 1970, and their confidence in the future has also reached a new low, according to the latest Financial Times survey of consumer confidence. In addition, the proportion of people thinking now is a good time to buy consumer durables has also shown a small fall.

The research, carried out three weeks ago at the height of the sterling crisis, suggests that the pressures of price inflation are being felt especially by manual workers. Coupled with the fall in the index monitoring whether people think now is a good time to buy consumer durables, this indicates that the economic squeeze will prevent consumers increasing their expenditure on discretionary items in real terms, even though many still feel it would be wise to beat inflation by buying now.

Sharp decline

The survey, carried out for the Financial Times by the British Market Research Bureau each month, asks consumers three basic questions: (1) Are their families worse or better off compared to ay ear ago (the "past prosperity index"); (2) do they expect conditions to worsen or improve ("future confidence"); and (3) do they consider now is the time to buy "big things for the house" ("time to buy").

The figures used in the graph show the six-month moving averages for the indices which are a better guide to long-term trends than the monthly figures. The "past prosperity" and "time to buy" indices tend to move together, while the "future confidence" generally moves in the opposite direction. The "time to buy" index tends to move ahead of trends in consumer spending by between three and six months.

Both the monthly figures for November, and the six-month moving average figures, show a bleak picture this month. The proportion of all adults feeling worse off than this time last year outweighed those feeling better off by 42 per cent.

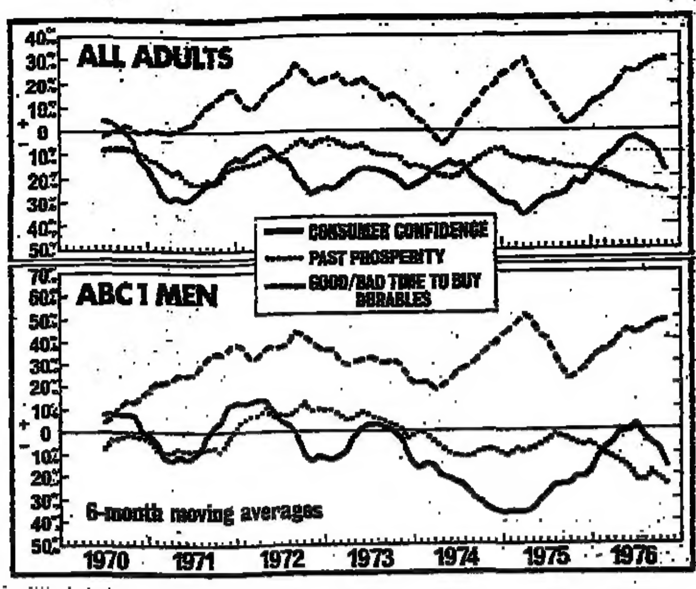
This is a sharp decline from 26 per cent. last month and 19 per cent. at the beginning of the year.

The November figure is the lowest monthly figure recorded since the survey began in 1970. As a result, the six-month moving average figure has also deteriorated sharply. Viewed on this longer-term basis, 27.3 per cent. more of the respondents feel worse off compared with a year ago than those who feel better off.

This decline did not affect professional men as much as other groups of people interviewed. Their perception of their changed living standards showed a much smaller fall than that of professional women or of families earning their living from manual work.

Women also accounted for the fall in the "future confidence" index. Neither professional men nor men in manual jobs felt noticeably less confident about the future than they had in October. But the women in both categories took a much more pessimistic view, and so caused the sharp fall in both the monthly index of future confidence and the six-month moving average figure.

The monthly figures show that 36 per cent. more of all the respondents interviewed felt pessimistic about the future than those who felt optimistic. This follows the sharp fall in confidence in October.



Source of concern

Fear of rising prices remains the biggest reason for pessimism among manual workers, who continue to be much more worried about prices than unemployment. A total of 37 per cent. of the manual workers interviewed attributed their fears to rising prices as against 9 per cent. who blamed unemployment.

Among professional men, however, "the Government" was the biggest source of concern with 26 per cent. of the pessimists interviewed citing the Government as the reason behind their fears and 25 per cent. rising prices.

The turndown in the "time to buy" index was entirely due to manual workers. Professional men were even more enthusiastic about the advisability of buying consumer durables in November than they had been in October with 55 per cent. more of the ABC1 men saying now was a good time to make major purchases than those who thought it was not. But men in manual jobs were less convinced.

Almost 80 per cent. of those who said it was a good time to buy based their answer on the belief that prices were bound to rise.

Rhodesia talks in London critical for breakthrough

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

MR. IVOR RICHARD, chairman of the British-sponsored Rhodesia conference, will hold talks in London to-day with Mr. Anthony Crosland, the Foreign Secretary, in an apparent effort to break the three-week deadlock about the independence date.

Mr. Richard, who flew to London from Geneva yesterday and is expected to return there this afternoon, insisted when he arrived that his present visit, like that of two weeks ago, was routine.

In spite of this, and Mr. Richard's continued general optimism on the talks, observers in Geneva and London see his consultations with Mr. Crosland, and possibly with Mr. Callaghan, as critical.

The negotiations over setting a firm date for Rhodesia's independence as Zimbabwe have preoccupied the conference for three of its four weeks. It is felt that unless Mr. Richard can return to Geneva with a formula for breaking the deadlock the conference has no hope of reaching a conclusion by Britain's new deadline of December 20, and could well founder altogether.

Dates deadlock

Negotiations over the date issue between the two African "Patriotic Front" delegations, led by Mr. Nkomo and Mr. Mugabe, and Britain proceeded at a snail's pace over the last two weeks, with only minor movement on either side.

The Africans continue to insist that Britain accept their date of December 1 next year for independence, while Britain has stated categorically that she cannot name a target date earlier than March 1, 1978.

Last week's negotiations at one stage looked as though they might break the deadlock when an African proposal that Britain should name a date for the end of the Geneva conference—December 20 this year—was accepted by Mr. Richard.

This would have had the effect of shortening the period of the transitional Government from 15 to 14 months, but at a further bilateral meeting with Mr. Richard on Saturday, the Patriotic Front apparently retreated on its previous position of a transition of 11-12 months.

In London yesterday Mr. Richard said that the main problem was not just a question of fixing an independence date but of seeing whether it was "frankly possible to reconcile" the African and British views on the conference as a whole.

The atmosphere at the talks had been friendly, he said. Everyone had been negotiatingly seriously and "I don't think anyone wants a breakdown."

The Foreign Office reiterated Mr. Richard's cautious optimism about the talks' future, and said that Mr. Crosland, who told Parliament last week that he would be willing to go to Geneva if that could save the conference from collapse, had no plans to travel there.

Hayward faces storm over Bevan

By Richard Evans,

THE EXPECTED ratification tomorrow by the Labour Party National Executive of Mr. Andy Bevan, an avowed Trotskyist, as the party's national youth officer seems certain to set off a storm of criticism against Mr. Ron Hayward, the general secretary.

It was confirmed yesterday that Mr. Hayward, together with Mr. Harold Hickling of the National Union of General and Municipal Workers, voted for Mr. Bevan when the appointment was made by a three-man committee before the Blackpool conference in October. The dissentient was Mr. Bryan Stanley, of the Post Office Engineering Union.

Labour agents, who form the backbone of the party organisation, are outraged at the appointment of a Trotskyist to such a key post, which gives a valuable vote on the policy-making NEC.

The two others short-listed for the post were experienced and politically moderate agents, Mr. Peter Killeen, of West Bromwich and Mr. Terry Ashton, of South Hertfordshire, Welwyn and Hatfield. The National Union of Labour Organisers, the agents' body is determined on a policy of non-co-operation with Mr. Mr. Bevan.

Left advance

The appointment is seen by moderates, including Mr. Callaghan, as a major advance by the far Left into the heart of the party. The Prime Minister is expected to be at the NEC meeting, but the prospects of overturning the appointment are considered very small because of the Left's in-built majority.

Mr. Hayward, who became general secretary in 1972 on the casting vote of Mr. Anthony Wedgwood Benn, then party chairman, has always been regarded as a champion of the agents.

The news that he voted against their nominees will further sour his already strained relations with the agents. The choice of Mr. Bevan is seen by them as a purely political appointment, the others short-listed having better organisational qualifications.

Representatives of the Staff Council at Transport House, who negotiate for all staff except heads of department, meet the ten-man staff negotiating committee to-day in an attempt to solve another internal dispute.

The staff claims it was offered an increased subsistence allowance and more time off, but Mr. Hayward later denied he had made such an offer. He has rejected a demand that all meetings be tape-recorded or with a shorthand writer.

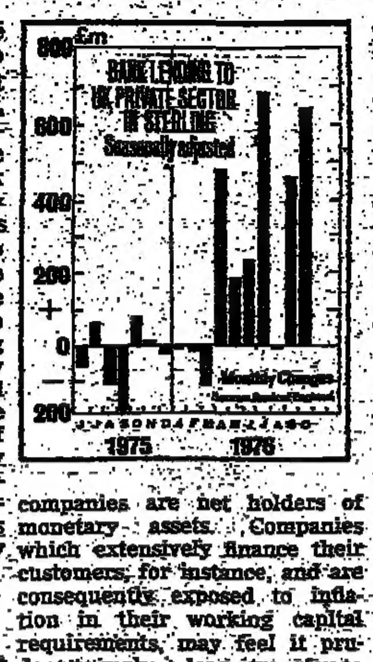
Refrigerator sales up

Deliveries of domestic refrigerators to the home market in September were 14 per cent. higher than a year earlier at 146,182, the Food Freezer and Refrigerator Council reports. The volume of deliveries over the first ten months of this year was up 10 per cent. on the equivalent 1975 figure.

THE LEX COLUMN

Testing the ED18 compromise

A week on Wednesday the Morpeth Steering Group is to publish its exposure draft (ED18) on inflation accounting, signalling the start of an intensive period of public debate which has been extended to six months from the originally planned three. All the indications are that the Steering Group has failed to find a compromise solution which would satisfy the two main camps—those who favour current cost accounting in the "pure" form outlined by the Sandilands Committee, and those who wish to extend the system to cover some or all of the monetary items in company balance sheets. The most powerful group among the latter consists of the banks, who at this stage are still falling seriously short of their objectives.



Capital maintenance

The key question of just what makes up a company's distributable earnings appears to remain open to wide interpretation. Important concessions have been made to the monetary camp, however, for profits available for distribution will not just be current cost operating gains. They will also include the difference between holding gains (the surpluses arising from the revaluation of physical assets) and what is described as a transfer to capital maintenance or (in later drafts) revaluation reserve.

The significance of this depends upon the definition of capital maintenance. If companies simply look at the physical assets of the business and judge this is the capital which needs to be maintained then all the holding gains will be reserved and earnings are just operating gains. Many industrial companies seem disposed to act this way.

On the other hand, if maintenance of the real value of shareholders' funds is the criterion, then this will allow the benefit of gearing to show through. Most companies are net borrowers, so that part of their assets is debt-financed. It can be argued that this proportion of holding gains does not need to be transferred to reserve, thus increasing distributable earnings. This does, however, imply a willingness by companies to increase their *nominal borrowings in line* with the inflation of their assets.

The reverse is true where companies are net holders of monetary assets. Companies which extensively finance their customers, for instance, and are consequently exposed to inflation in their working capital requirements, may feel it prudent to make a large transfer to reserves, thus reducing distributable earnings below the level of operating profits.

The limiting case is that of a bank, which typically has only modest physical assets, but needs to keep its capital base rising in line with an inflating balance sheet total. For banks the transfer to capital maintenance will be much larger than holding gains, whichever of a number of different possible bases of calculation is chosen.

One broad route would be to aim at a larger free equity ratio, relating the transfer to growth in balance sheet items over the financial year. A rather different approach would be to aim at maintaining real shareholders' funds.

Brokers Laing and Cruikshank have done some calculations of the possible impact on clearing bank earnings. Straight current cost accounting would only have reduced average 1975 dividend cover for the Big Four from 3.8 to 2.9 times. But maintaining the real value of shareholders' equity would have cut nominal cover to 1.4 times. This was an unusually large effect, in a year of low profits and rapid inflation.

Banks unhappy

The banks could work within the ED18 framework to produce the right sort of final earnings answer. But they are very *unhappy with the suggested* presentation, for it is widely assumed that taxation will in due course be based o[n] cost profits with no a[...] for the below the line [...] Consequently they are arguing for a deductio[n ...] operating profits.

At present the ba[nks ...] high earnings and suf[fer a ...] tax burden. They wou[ld ...] the need to declare m[...] earnings if there [...] advantages. But to [...] with low earnings, hig[...] ing profits (p[...] embarrassing politica[...] high taxes really wou[ld ...] worst of all worlds.

A dilemma also fac[es ...] trial companies whic[h ...] on a contract basis. [...] Morpeth proposals s[...] panies will not qualif[y ...] cost of sales adjust[...] they will effective[...] debtors rather than s[...] contractors, too, will [...] cerned about a [...] unfair tax burden.

Plainly, there will [...] deal to sort out in [...] six months. If ED18 [...] in its present form th[...] acceptably large sh[...] subjectivity and ch[...] enter into the calc[...] earnings figures. And [...] of the supplementary [...] analysing changes [...] general purchasing [...] shareholders' funds [...] tinctly uncertain. N[...] the pessimists are [...] sidering what mor[...] proposals could be [...] from the wreckage if [...] from unlikely, it pro[...] sible to reach gene[...] ment.

Money supply

The authorities hav[e ...] the unlikely double [...] over £1.5bn. of gilt-[...] *still being plagued by* [...] monetary growth in [...] to mid-October. Afte[r ...] adjustment the incre[ase ...] broader measure M3 [...] cent., the lowest for fo[...] but still above the tar[get ...] rate of 12 per cent. [...] strong growth in ba[nk ...] to the private secto[r ...] major factor; the [...] are also paying the p[...] their earlier rel[iance ...] Treasury Bill finance, [...] bank domestic holdin[gs ...] by almost £400m. [...] *months of the financi[al ...]* only a 2 per cen[t ...] remains for M3.

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Spending cuts may be larger

other measures being introduced in the spring Budget.

There are thought to be doubts, both among the IMF team and in Whitehall, about some of the recent Treasury forecasts, especially for public sector borrowing in view of the considerable uncertainties about economic prospects.

Consequently, it could well be argued by the Government that there is insufficient confidence in the forecasts at present to make the whole of the adjustment and that the second stage of the measures should wait until the outlook is clearer.

This would have certain political attractions and could any way fit in with talks over the shape of the next stage of the pay policy.

The part of the package which is most likely to be put back to a later stage would be any change in taxes, especially income-tax. While Mr. Denis Healey, the Chancellor, has repeatedly indicted that he would like to ease the tax burden both at the lower end of the scale and for managers to deal with the differentials problem, this may not come immediately.

An indication may be given of future hopes in this area in next month's statement which is likely to contain a number of complicated trade-offs with the stress still laid on the Government's firm commitment to the industrial strategy.

The speech is thus likely to contain the delayed announcement of the Department of Industry's new incentive scheme to boost manufacturing investment.

In the latest public spending review, which is further delaying the publication of the annual White Paper, the search is for cuts which will have the least resource impact.

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Money supply went up 1.2%

sterling these influences should be reversed.

The actual rise in M3 in the five-week period was £540m. after allowing for seasonal influences. This was equivalent to a rise of 1.2 per cent., making one of 5.25 per cent. in the latest three months. Revaluation of foreign currency deposits accounted for £180m. of this, leaving the sterling component up by only 1 per cent. in the month, in line with the indications when the new measures were announced last week.

The change in M3 was in contrast with the drop by the narrower definition of money stock, M1. This measure covers only notes and coin in circulation and U.K. private-sector sterling sight deposits, and fell by £330m., or 1.8 per cent., after seasonal adjustment.

The wider measure takes in M1, but also includes domestic time deposits with the banks, public-sector deposits and domestic deposits in other currencies than sterling.

The main factor in the rise in M3 was the private sector, confirming the increase in bank lending shown earlier by the clearing banks.

Sterling lending to the private sector in all forms rose by £647m. after seasonal adjustment, a substantially larger increase than in most recent months.

With the gilt-edged sales and unusually high revenue receipts by the central Government, the amount of Treasury bills in the market (short-term borrowings which contribute to monetary growth) fell very sharply. Non-bank domestic holdings dropped by nearly £400m.

Even though the rest of the public sector increased its bank borrowing, total sterling lending to the public sector as a whole fell by £642m. in the month.

GROWTH OF THE MONETARY AGGREGATES (£m.)

	Money stock M1			Money stock M3			Bank lending*	
1975	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted
October 15	170	73	0.5	429	462	1.2	23	76
November 19	−72	7	—	−39	−238	−0.6	−44	13
December 10	535	233	1.4	362	−22	—	−172	−27
1976								
January 21	−612	−48	−0.3	−288	399	1.0	558	55
February 18	484	620	3.8	313	572	1.5	−93	−32
March 17	351	140	0.8	440	196	0.5	−103	−123
April 21	562	340	2.0	772	537	1.3	444	420
May 19	−73	−8	—	30	238	0.6	24	185
June 16	70	−174	−1.0	309	246	0.6	34	227
July 21	436	545	3.2	1,141	836	2.0	1,437	683
August 18	302	338	1.9	540	693	1.7	−365	−13
September 15	348	415	2.3	880	995	2.3	215	480
October 20	−396	−333	−1.8	426	538	1.2	696	647

* To private sector in Sterling.

Source: Bank of England

Weather

U.K. TO-DAY

CLOUDY, rain in places. Frost and wintry showers or snow in northern areas.

London, S.E., Cent. S. England, Midlands, N. Wales, I. of Man, N. Ireland

Rain, becoming clearer. Wind N.W., moderate. Max. 6-8C (43-46F).

E. Anglia, E. England

Sunny spells, showers. Wind N.W., moderate. Max. 6C (43F).

Channel Is., S.W. England, S. Wales

Cloudy, mainly dry. Wind N.W., light or moderate. Max. 8C (46F).

All other areas

Frost early, icy patches. Sunny intervals, wintry showers later. Snow on hills. Wind N.W., moderate or fresh. Max. 4-8C (39-46F).

Outlook: Sunny periods and showers.

Lighting-up: London 16.32, Manchester 16.33, Glasgow 16.00, Belfast 16.13.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amsterdm	C	5	43	Madrid	S	9	48
Athens	S	19	66	Manchster	C	8	46
Barcelona	S	9	48	Melbourne	C	20	68
Belfast	C	9	48	Mexico C.	S	17	63
Belgrade	C	7	45	Milan	C	6	43
Berlin	S	4	39	Montreal	Sn	−3	27
Birmghm	C	6	43	Moscow	S	0	32
Bristol	C	7	45	Munich	C	1	34
Brussels	Fg	0	32	Newcastle	C	7	45
Budapest	C	8	46	New York	S	4	39
B. Aires	C	17	63	Oslo	Fg	−2	28
Cairo	S	26	79	Paris	S	5	41
Cardiff	C	7	45	Perth	F	25	77
Cologne	F	3	37	Prague	C	1	34
Copenhgn	C	8	46	Reykjavik	S	−2	28
Dublin	C	8	46	Rio de J'o	R	27	81
Edinburgh	F	11	52	Rome	C	13	55
Frankfurt	S	4	39	Stockholm	F	6	43
Geneva	C	3	37	Strasbourg	S	3	37
Glasgow	F	11	52	Sydney	C	20	68
Helsinki	C	4	39	Tehran	S	12	54
Hong Kng	S	17	63	Tel Aviv	S	23	73
Jo'burg	C	25	77	Tokyo	C	12	54
Lisbon	S	10	50	Toronto	C	−4	25
London	S	8	46	Vienna	R	3	37
Luxemb'g	S	1	34	Zurich	C	2	36

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	C	11	52	Jersey	F	9	48
Algiers	C	11	52	La Palmas	F	22	72
Biarritz	S	5	41	Locarno	F	8	46
Blackpool	C	8	46	Majorca	F	11	52
Bordeaux	S	5	41	Malaga	S	17	63
Boulogne	C	7	45	Malta	C	17	63
Casablnca	F	19	66	Nairobi	R	18	64
Cape Tn.	C	19	66	Naples	R	12	54
Corfu	C	16	61	Nassau	S	28	82
Dubrovnik	F	16	61	Nice	F	10	50
Faro	S	15	59	Nicosia	F	23	73
Florence	C	10	50	Oporto	S	13	55
Funchal	F	20	68	Rhodes	C	20	68
Gibraltar	S	18	64	Salzburg	C	3	37
Guernsey	C	7	45	Tangier	F	16	61
Innsbruck	C	3	37	Tunis	F	13	55
Inverness	S	3	37	Valencia	S	12	54
I. of Man	C	10	50	Venice	R	8	46

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Sn—Snow.

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